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Reserve Fund	65,700,000

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THE JAPAN MAGAZINE

A REPRESENTATIVE MONTHLY OF THINGS JAPANESE

Special Industrial Number

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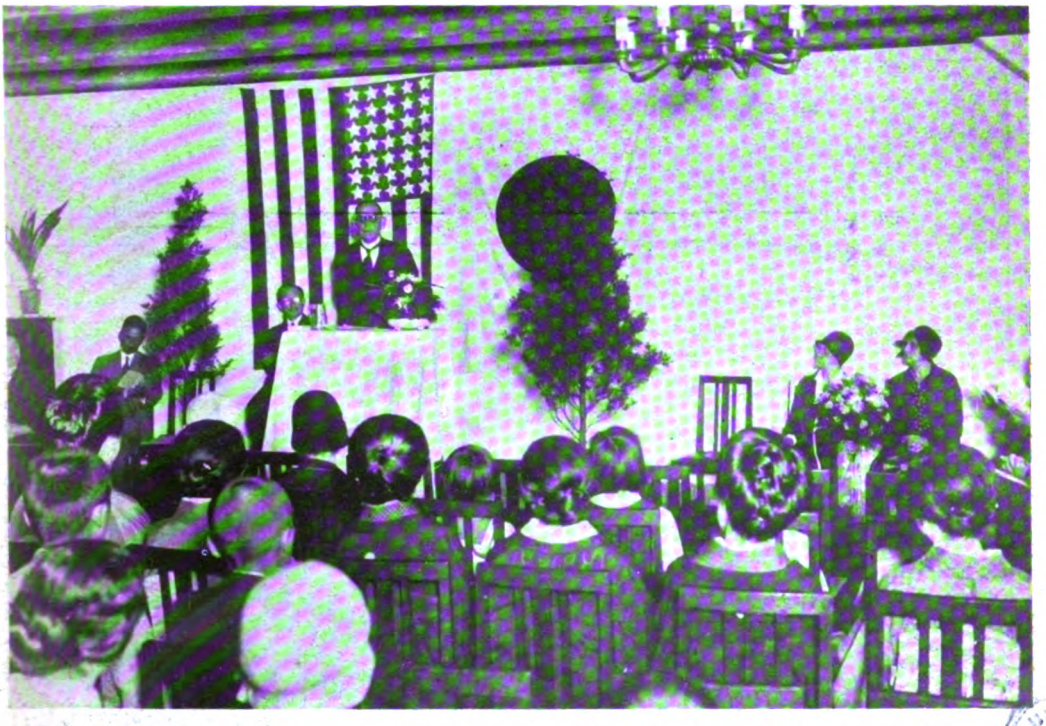
A dinner party given in the Peers' Club on September 15th for the new French Ambassador.



A meeting given to express gratitude to Dr. Wainright, a benefactor of Japanese and American friendship, on September 28th at the Y.M.C.A., Kanda, Tokyo. The gentleman on the platform is Dr. Wainright.

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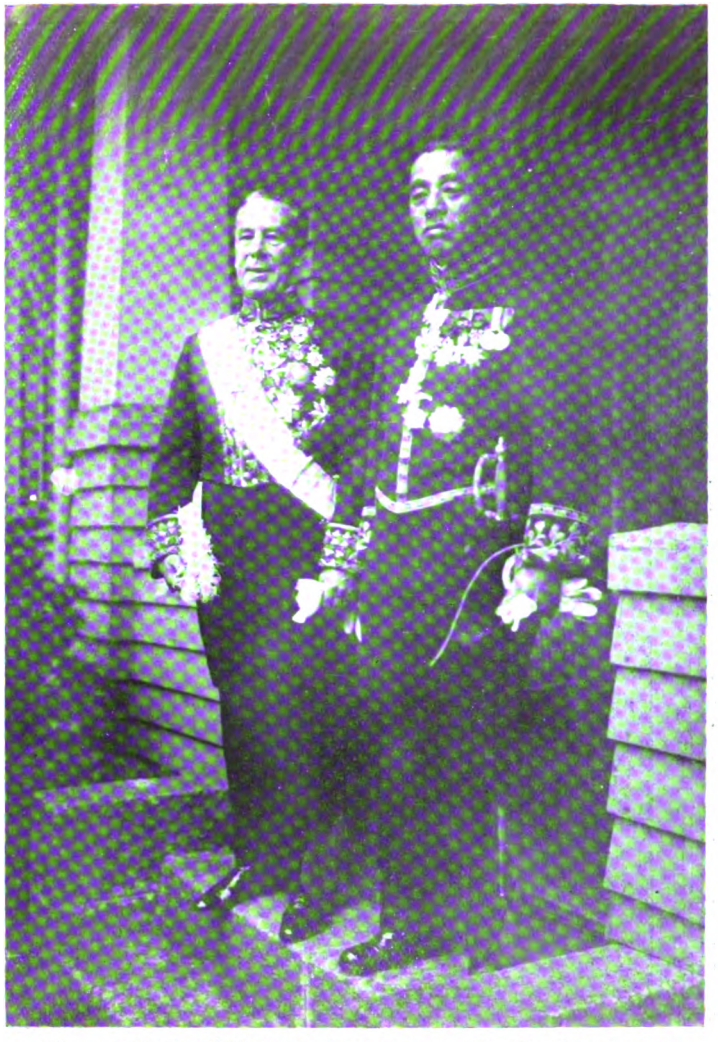
The new American Ambassador about to leave the hotel for Court to present his credentials on September 25th.



The new Portugal Minister about to proceed to Court to present his credentials on September 17th.

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THE JAPAN MAGAZINE

A REPRESENTATIVE MONTHLY OF THINGS JAPANESE

Vol. XXI NOVEMBER 1930 No. 2

ECONOMIC DEPRESSION

An Analysis of Its Causes

By JUNNOSUKE INOUYE, Minister of Finance

THE world to-day, no less than Japan, is engulfed in extreme economic depression, with consequent suffering to governments and their peoples. As to Japan, there are two factors that have assisted to bring this about: one is the peculiar condition prevailing in this country, and the other is the severe economic depression of the world in general. The great World War radically upset the economic system of the nations. The most striking results were inflation of currency and appreciation of prices. While the situation was somewhat different in the United States, all other countries were forced to carry out financial retrenchment and the contraction of currency after the termination of the War. Currency contraction naturally brings about depreciation of prices. Removal of gold embargoes was practically complete three years ago; and prices in all the countries thus affected have kept falling until approaching pre-war levels. Even in Japan, where financial readjustment has been delayed, the average index number of prices, which reached 272 immediately after the outbreak of the War, has declined to 144.

This tendency is only a reflection of the economic movement of the world in general. It has been accelerated by over-production of foodstuffs and other raw materials in most countries, due probably to eagerness for rehabilitation after the War. In nearly all lands there is now an over-abundance of food; and in America, India and Egypt more than enough raw cotton. The coffee plantations of Brazil have been increasing the supply of that beverage; and the same is true of sugar in Cuba and Java and the beet-sugar crop in Europe. Even in Formosa last year the crop was sufficient to meet the total demand in Japan. The cereal crops of America, Canada, and South America are marked by over-abundance, while the wheat crops of Europe are unusually large. Surplus production also affects the rubber output of South Sea regions.

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This general increase of production over demand naturally results in declining prices everywhere.

The falling tendency in prices is made more acute by a similar tendency in purchasing power, brought about in some measure by a decrease in American overseas investments. The European War made America the center of the world's money market, and most of the world's gold found its way thither. The result has been large loans to the more impoverished European states, the total thus advanced amounting to some 3,000,000,000 yen in 1928. When a country lends large amounts of money in this way, the usual result is an increase of that country's exports to the debtors, which accounts for the marvellous prosperity in the United States during the past few years. But currency inflation follows increasing exports; and prices of stock go up; and an unusual demand for funds follows. This brings about higher money rates and shuts off further investments abroad. Thus America's foreign investments decreased to 1,400,-000, 000 yen in 1929, and the gold of Europe began to flow into America again. This influx of gold from Europe and the Orient to the United States, and the consequent decline of American overseas investments, unbalanced the economic situation of the world and caused a decline of purchasing power in all nations; and Japan has been affected accordingly.

The decline of prices, paticularly, has a serious effect on Japan, because we have to import most of our raw materials, and if our resulting manufactures, such as cotton, cannot command a price that pays, our industries are crippled. In Japan the effects of slackening exports consequent on general business shrinkage abroad are very extensive. Japan purchases American, Indian and Egyptian cotton to the value of from 500,000,000 to 600,000,-000 yen aunnally, the annual exports of which in manufactures amounts in value to about 400,000,000 yen a year. The price of cotton in America has fallen over 30 per cent in the last year. But owing to the removal of the gold embargo the price of cotton, owing to exchange, has fallen about 37 per cent, so that the profits of the spinning companies have fallen rapidly, and large stocks of cotton yearn and fabric are left on their hands.

The Japanese spinning compnies have also been seriously affected by the fall in bar silver, which went down from 20d to 15d in 1929; and the result has been a dwindling of Chinse purchasing power, and a decline of Japanese exports of cotton to that country. A further decline of Japan's cotton exports was due to changes in the Indian tariff, rendered further acute by the general unrest in India, and a boycott against all foreign imports. In Japan the fall

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in cotton prices has been phenomenal: yarn of 20 counts sold at 240 yen in July last year, and now it is 120 yen, and threatens to go below 100 yen. All the spinning mills have to curtail output by at least 22 to 23 per cent, and a fall in spinning stocks is but natural. The fall of rubbber prices in the South sea countries from 10d to 6d a pound has led to a decline in production, with a corresponding decline of Japanese exports to that region.

As to Japan's economic relations with the United States, the severest results have followed the decline of Japanese silk exports to that country. This began to be felt as early as last October, when the present economic depression was foreseen. The cotton and wheat crops were abnormally heavy, prices fell off and the national purchasing power weakened, until such luxuries as silk felt the blow. In July, 1929, the price of Japanese raw silk in the United States was 1,320 yen per 100 *kin*, but the price has gone down to nearly one half. Large stocks of silk have accumulated in Japan and cannot more than 700 yen per 100 *kin*. This decline in the valu eand the volume of Japanese silk exports to America is a very serious blow to Japan's economic growth. Sugar is also an important item in Japan's trade, and the declining prices are a great difficulty in this industry. And the general retardation of movement in the export trade has unfavourably affected transportation and shipping generally. Freights and charterages have rapidly gone down, and many steamers are laid up.

In addition to the international causes for econmic depression in Japan, there are some domstic reasons for it. During the Great War prefectural and municipal as well as national budgets experienced considerable expansion. While some attempt was made last year to retrench the national budget, the movement came too late to avert depression. And as for the local governments, they have done practically nothing toward deflation. Business enterprises have also been suffering from over-expansion. American and European methods of deflation and rationalization have not been copied, and consequently capital structures have been gaining from year to year. The delay in financial stabilization delayed the lifting of the gold embargo. Under such conditions natural contraction of the volume of currency was impossible. Prices refused to come down, and Japan, in many particulars, lagged behind other countries.

On assuming office the new government warned the public that financial rehabilitation of the nation was imperative, and that both government and people must embark on a programme of retrenchment and thrift, so as to hasten the lifting of the embargo on gold. But there were, and are, special circum-

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stances in Japan that require special measures. The attempt of the central government and the prefectural governments to bring about a saving of 400,000,000 yen last year, and 500,000,000 yen this year, has affected economic cirumstances to a certain extent. Combined with the thrift of the people in general, it has tended to bring down prices and to contract the volume of currency. This retrenchment was absolutely necessary for the accomplishment of Japan's long-delayed post-war deflation, and to improve the national debt and the national credit.

After the lifting of the gold embargo imports dropped, while the exchange rate went up. The amount of money received by Japan for exports decreased but its value increased. This is seen from the fact that when a bale of raw silk was sold for 1,320 yen in July 1929, and for 1,160 yen when the gold embargo was lifted, the gold value was the same. Thus Japan's international purchasing power has gained. In June 1929 the index number of wholesale prices was 176.3; and a year later it was 144.1, a drop of 18 per cent. Lower prices mean lower production costs; and this is essential if Japan is to sell her products more cheaply abroad. This policy the country must pursue without fail.

Japan would doubtless have suffered from severe economic pressure even had the gold embargo not been removed. It would have been impossible for Japan to make her overseas specie payments without lifting the embargo. A foreign loan amounting to 230, 000,000 yen had been converted in April last; this was made possible only by lifting the gold embargo. The only alternative would have been to increase greatly the national expenses. Had Japan not filled the shortage of her specie overseas, the exchange rate during the first half of this year would have declined to the thirty dollar mark. Were it not for the general world-wide economic pressure, the effect would have been favourable in all resqects. If we had not thus made preparation, imports not have been reduced. And exports would be bound to decrease. This would have plunged the country into a still more serious condition.

In Japan the relation between the condition of foreign trade and the international debt and credit of the nation is very close and vital from an economic point of view. During the first six months of this year America's exports dropped by 540,000,000 dollars as compared with the same term of the previous year; and imports also decreased. Japan's exports fell off by 280,000,000 yen in the same period, as compared with the same period of the year before, while imports fell off to the extent of 340,000,000 yen, with a decline of some 58,000,000 yen in the trade balance. The volume of trade

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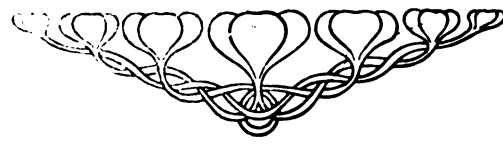
did not decrease sharply as prices were lowered. Cotton textiles dropped 24.5 per cent in value, but only 6.4 per cent in quantity; while cotton imports dropped 28.9 per cent in value, but only 6.6 per cent in volume. Thus value declined while volume was sustained. But a comparison of trade values with the values of the year before is not enough to show the real development of trade. The real cause of the serious trade condition was the silk market. Some 200,000 bales of raw silk were left in stock, owing to overproduction and decline of demand in the United States, because of the ecnomic pressure there. In any case a decrease of our adverse trade balance by 58,000,000 yen was so nething to be welcomed.

It is probable that for the rest of 1930 imports will not increase, but silk sales will increase, as a fair number of contracts has been made. There is reason to believe that the American financial slump has touched bottom, as president Hoover affirms. The demand for raw silk is likely to increase, while the demand for cotton textiles in China is likely to be enhanced by the declining trend in bar silver. Measures for maintaining reasonable market prices for sugar, rubber and other commodities are being adopted by various countries. The worst period of economic depression is past, and satisfactory results may be anticipated for the foreign trade of Japan during the next six months.

As Japan finds hereself in the present vortex of world-wide economic depression, it is not wise to depend merely on temporary relief measures; steps must taken for fundamental relief. The uncertainty in the public mind is telling against the prices of securities and commodities. For permanent relief measures there should be a through readjustment of business management, and of abnormally arge loans and dividends. This would be followed by a stabilizations of stocks in price, and a consolidation of credit. The coöperation of government and people is essential to overcome the difficulties of the situation. The government will be able to protect industry only after these readjustments have been effected.



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DEVELOPMENT AND PROSPECTS OF JAPAN'S INDUSTRIES

By Y. YASUKAWA

Managing Director, Mitsui Bussan Kaisha, Ltd.

Mr. [illegible] Yasukawa

Managing Director, Mitsui Bussan Kaisha, Ltd.

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DEVELOPMENT AND PROSPECTS OF JAPAN'S INDUSTRIES

By Y. YASUKAWA

Managing Director, Mitsui Bussan Kaisha, Ltd.

NOT until 1886 did Japan's modern industry begin to dawn. By that time the Bank of Japan had been established, inconvertible notes adjusted and railways opened, gradually furnishing basic conditions for economic development. Thus, in addition to a positive policy taken by the Government for industrial encouragement, arose suddenly a company foundation fever. The industrial development was stimulated by the victorious wars with China and Russia in 1894-1895 and 1904-1905, which elevated the self-confidence of the nation and occasioned the inflow of foreign capital. About 1910 Japan's industrial world underwent a complete transformation. The World War happened to break out then, and Japanese industrial products were keenly sought for, not only in Japan but in oversea Oriental markets, due to a decrease in supplies from Europe or their stoppage. With this, every line of productive industry in Japan attained healthy growth, like plants favoured by good rains during the growing period. From 1920, however, every country entered upon a period of depression after the

Mr. Yunosuke Yasukawa
Managing Director, Mitsui Bussan Kaisha, Ltd.

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war. Especially in Japan productive industrial circles were in a state of a standstill after going through the earthquake of 1923, the financial panic in 1927 and the lifting of the gold embargo. The following is a comparative table showing in index numbers of the chief industrial products of Japan in 1914, 1920 and 1927, taking those in 1894 as 100 :—

Industrial Products.	1914.	1920.	1927.
Rice.....(In quantity)	135	151	148
Barley, wheat, rye, etc. .....(In quantity)	107	113	106
Matches .....(In value)	472	1,355	1,149
Raw silk...(In quantity)	270	419	710
Cotton yarns..... .....(In quantity)	570	621	1,002
Textiles .....(In value)	458	2,029	2,038
Foreign paper („ „)	1,097	6,087	7,650
Coal.....(In quantity)	523	686	787
Shipbuilding..... ... (In gross tonnage)	2,142	11,591	1,336
Beer .....(In quantity)	1,671	3,855	3,610

As may be seen from the above table, productive industries made rapid strides, while agriculture progressed little. Observing the products of productive industry, agriculture, fishery, mining and forestry, the following products for 1927 show that the products of productive industry are greater by far than the products of agriculture :—

Industry.	Products.
Productive industry	¥ 6,614,025,000
Agriculture	2,701,586,000
Fishery	435,141,000
Mining	368,568,000
Forestry	192,915,000

The above mentioned industrial development and changes appeared in foreign trade. Taking exports for 1894 as 100, those for 1904 made 282, those for 1914, 523, those for 1920, 1,724 and those for 1929, 1,901, increasing steadily in the period.

The staple exports also underwent changes. About 1894 staple exports were raw silk, silk fabrics, tea, drugs and chemicals, rice, copper, coal, etc., and in value these seven articles took 68 per cent of the total export trade. Before the World War cotton yarns and cotton fabrics came into importance and took positions next to raw silk. Silk fabrics followed them with the fourth position, after which copper, coal and drugs and chemicals came in the order named. These seven articles occupied 65 per cent of the total amount of the export trade. Recently, raw silk and cotton fabrics developed remarkaly in addition, and for 1929 these two articles alone had about 56 per cent of the total exports. Silk fabrics, earthen and porcelain wares, drugs and chemicals, paper, and shirts followed in the order named. Cotton yarns, copper, tea, rice and coal were losing their position among staple exports.

Regarding imports, taking the total for 1894 as 100, they increased to 1,886 for 1929. Towards 1894 raw cotton and sugar were nearly equal in volume to each other, and after them came vehicles, vessels, rice, cotton yarns, cotton fabrics, woollen fabrics, machinrey and kerosene oil in the order named as

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staple imports. Before the World War raw cotton took by far a superior position to other staple imports, which consisted of iron and steel, cakes, machinery, rice, sugar, sulphate of ammonia and wool in the order named. Recently, machinery, wool, mineral oil, lumber, cakes, sulphate of ammonia, coal and vehicles came in most largely, following raw cotton and iron and steel.

From the above mentioned facts it is evident that the industrial products trade in Japan has recently come to show more and more the characteristics of an industrial country. Japan is narrow, and moreover is not gifted much with sources of raw materials necessary for modern industry, which comples us to get from abroad raw cotton, wool, iron and steel, fertilizers and many other kinds of industrial materials. During 1929 the imports were 55 per cent, raw materials, 16 per cent half-finished goods, and 12 per cent food stuffs. Practically, therefore, there is little room left for preventing excess of imports. How has the account for imports, amounting yearly to 2,000,000,000 yen, been settled? For 1929 the exports of pure domestic products amounted only to about 1,470,000,000 yen, and they were supplemented by an amount of imported raw materials finished and re-exported.

To mention at first the exports of pure domestic products, they are chiefly as follows:—

(In Thousands of Yen)

Products.	1922.	1929.	Change.
Raw silk	670,048	781,040	110,992 Inc.
Silk fabrics ...	107,928	149,955	42,027 „
Earthen and porcelain wares	21,211	36,962	15,753 „
Drug and chemicals...	44,213	34,791	9,422 Dec.
Paper	16,133	26,289	10,156 Inc.
Tinned food...	6,607	25,681	19,074 „
Coal	23,514	23,215	299 Dec.
Marine products ...	16,286	22,349	6,063 Inc.
Lumber	14,162	21,138	6,976 „
Other articles.	244,670	354,002	109,332 „
Total.....	1,164,772	1,475,423	310,651 „

Observing the above table, it may be said that raw silk and silk fabrics alone occupied 43 per cent of the total exports in the recent trade, and except these two articles, few fit themselves for exportation in quantities. The average exports price of raw silk was 1,426 yen in 1927, but it declined to 1,337 yen in 1928. In 1929 it rose a little to 1,359 yen, but this year it fell off steadily, until it has stood only at about 800 yen of late. It is easy to infer from this heavy decline in the price of this most valuable export article that it was mainly responsible for the recent great decrease in the export trade of this country.

It is a disadvantage to Japan's foreign trade that the export trade of Japan is too much inclined towards raw silk. If it is almost beyond hope to

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effect an increase in the exports of other purely domestic products to remedy it, however, we must take more pains and make more extertions than at present for increasing the exports of goods made out of imported raw materials. The following table denotes how many kinds of these goods are among the exports of this couutry :—

(In Thousands of Yen)

Goods.	1922.	1929.	Change.
Cotton fabrics ...	220,052	412,707	190,655 Inc.
Hosiery goods ...	17,667	36,711	19,044 „
Refined sugar ...	19,092	29,975	10,883 „
Wheat flour	814	26,815	26,001 „
Cotton yarns	114,723	26,756	87,967 Dec.
Iron ware	10,322	15,196	4,874 Inc.
Machinery	14,427	13,616	811 Dec.
Other articles ...	73,584	111,420	37,837 Inc.
Total	472,680	673,196	200,516 „

From the above table, it may be noted that there are among the goods mentioned few, which are of much importance for the present, except cotton fabrics and other cotton manufactures, but these comparatively little important goods may be said to have the must room for increase and development, if proper efforts are made by the nation for cultivating overseas markets for them. International trade is the exchange of merits of industry between nations. Japan possesses no merits of land and capital, and if I am compelled to mention them, I may point out the comparatively excellent labour and art the Japanese. One remarkable example is that the cotton spinning industry made phenomenal development, despite the fact that no raw cotton is grown in this country. Who can say that the nation, which succeeded in the cotton spinning industry, will not succeed in other industries making used of imported raw materials? The foreign engineers who have the experience of personally employing Japanese workmen are unanimous in saying that they are very good in temperament. This may not be a compliment. Another noteworthy fact is that Japan has within easy reach many special natural products. China, South Sea countries and India richly produce raw cotton, india rubber, hemp, flax, ramie, eatable oil materials, ores, etc. As industry is nascent there, these natural products are grown there as if for the use of Japan. To import these raw materials and to finish and re-export them would be beneficial and very important for Japan. In my opinion, Japan's export trade in industrial products seems to promise to develop in this direction with the progress of the chemical industry.

It is undoubtedly necessary to encourage domestic products, but the fact that tea, copper, toys, fross silk, portland cement, matches, brushes, etc. each of which once held an important position in the export trade of Japan are cutting poor figures now is a matter to be taken into consideration. It is necessary for us to extend our view and import and finish freely foreign raw materials so that a new field of activity will be cultivated for our productive industrial trade, a way far more advantageous and effectual than to work for the restoration of the falling fortunes of the above mentioned purely Japanese products, caught by the fine name of domestic products encouragement.

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effect an increase in the exports of other purely domestic products to remedy it. However, we must take more pains and make more exertions than at present for increasing the exports of goods made out of imported raw materials. The following table gives a summary kinds of those goods are among the exports of this country :—

(In Thousands of Yen)

Goods.	1902.	1903.	Compare.
Cotton fabrics ...	[illegible]	[illegible]	[illegible]
Hosiery goods ...	1,[illegible]V	3[illegible]11	1[illegible]11 "
Refined sugar ...	1,[illegible]02	2,[illegible]1	[illegible]83 "
Wheat flour ...	4[illegible]1	2[illegible]15	[illegible] "
Cotton yarn ...	[illegible]11	[illegible]2	2[illegible]06	[illegible] dec.
Ironware ...	[illegible]2	[illegible]5	[illegible]3	[illegible] dec.
Matches ...	[illegible]1,[illegible]7	[illegible]2	[illegible]	[illegible] dec.
Other articles ...	7,[illegible]51	[illegible]11,[illegible]2	[illegible]	[illegible] dec.
Total ...	[illegible]	[illegible]	[illegible]9	29[illegible]3 "

From the above table it may be noted that the exports of goods manufactured by, which are of much importance for the country, namely cotton fabrics and other cotton products, but those are relatively little increased goods may be said to have the natural room for increase and development in proportion as they are made by the nation for cultivating overseas markets for their. Inter-island trade is the exchange of articles of luxury between Japan proper and the districts of Karafuto and Formosa. Here we may point out the comparatively small part labour and articles Japanese. Now remarkable example is that the cotton spinning industry, whereby the whole of the raw cotton is supplied from abroad, has succeeded in the country. We can say that the nation, which succeeded in the cotton spinning industry will not succeed in other industry. However we must take more pains and make more exertions than at present for increasing the exports of goods made out of imported raw materials. The following table gives a summary kinds of those goods are among the exports of this country :—

(In Thousands of Yen)

Goods.	1902.	1903.	Compare.
Cotton fabrics ...	[illegible]	[illegible]	[illegible] dec.
Hosiery goods ...	1,[illegible]V	3[illegible]11	1[illegible]11 "
Refined sugar ...	1,[illegible]02	2,[illegible]	[illegible]83 "
Wheat flour ...	4[illegible]1	2[illegible]15	[illegible] "
Cotton yarn ...	[illegible]11	[illegible]2	2[illegible]06	[illegible] dec.
Ironware ...	[illegible]2	[illegible]5	[illegible]3	[illegible] dec.
Matches ...	[illegible]1,[illegible]7	[illegible]2	[illegible]	[illegible] dec.
Other articles ...	7,[illegible]51	[illegible]11,[illegible]2	[illegible]	[illegible] dec.
Total ...	[illegible]	[illegible]	[illegible]9	29[illegible]3 "

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Hosiery goods ...	1,[illegible]V	3[illegible]11	1[illegible]11 "
Refined sugar ...	1,[illegible]02	2,[illegible]1

Mr. T. Yano

President of the Japan Fire Insurance Co.

LIFE INSURANCE BUSINESS IN JAPAN ITS PRESENT AND FUTURE

By T. YANO

President of the First Mutual Life Insurance Co.

A PERIOD of forty-eight years has elapsed since Japanese life insurance came to be operated as a business enterprise on a scientific basis. A mutual relief idea and its system had existed in Japan since old times, and had made peculiar development. But the technical development of insurance, necessary for operating the system as a business enterprise, remained still in a primitive stage.

Mr. T. Yano
President of the First Mutual Life Insurance Co.

After the Meiji Restoration, Japan hastened to introduce and imitate systems and institutions from other civilized countries, and naturally for her insurance system she sought models abroad, too. We cannot deny that Japan owes very much to foreign countries for the present technical development of her insurance system.

The life insurance business in Japan was, in its initial stages, much used of by enterprising men as an object of profit. This was a cause, on the one hand, for speeding up the tempo of life insurance development in Japan, and produced the evil, on the other, of indiscriminate creation of would-be life insurance companies and their collapse,

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culminating in the creation of a district of the life insuraunce business among a section of the people.

This crisis in life insurance circles was relieved by the establishment of the Law of Control and mutual companies in the line. Subsequently, the life insurance business made sound development. During the economic boom after the war with Russia, however, a number of new companies came into existence, which produced a state of supersaturation for a time.

Fortunately, upon the outbreak of the World War, economic circles in Japan presented an unusually great degree of prosperity. The people's incomes increased in consequence. The life insurance business was benefitted by it and attained marked development since 1916, Especially, its outstanding policies showed a striking increase. In 1920, economic circles entered upon a reactionary period, and showed a panicky state. But the life insurance business was able to stand happily above the effect of the universal dullness, except that new policies taken had a set-back.

Even after the severe earthquake in 1923 the life insurance business had no such trouble with the policy-holders as the fire insurance business. On tbe contrary, the catastrophe impressed the people deeply with the necessity and benefit of life insurance. In the financial panic in 1927 a few small life insurance companies failed, but as a whole the life insurance circles received no effect whatever from it.

In 1928 and 1929 the financial world of Japan was in extreme tension in expectation of the lifting of the gold embargo; and money was tightened and production re-adjusted or curtailed. Fortunately, however, the life insurance business was as successful as before.

The life insurance business in Japan took thirty-two years for first policies to reach 1,000,000,000 yen, but to increase them to 2,000,000,000 yen, it took six years, and to make them 3,000,000,000 yen, it took only two years, Later in four years the outstanding insurances increased to 5,000,000,000 yen, and then four years afterwards, or at the end of 1929, they reached 7,200,000,000 yen, with which Japan stood fourth in the world, preceded by America, England and Canada in the order named. These figures represent ordinary life insurance and conscription insurance. Besides, there is post office life insurance to be mentioned. This insurance was started by the Government in 1916, and having made satisfactory headway, its outstanding policies in force stood at 1,919,000,000 yen at the end of 1929.

At the end of 1929 there were forty-two life insurance companies, of which four were conscription insurance companies. All these conscription insurance companies issue children's endow-

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ment policies, in addition to conscription policies. So, their business statistics are customarily included in those of ordinary life insurance companies.

The following are returns showing the life insurance business in 1929:—

Ordinary Life Insurance Business

(For the year ending Dec. 31st, 1929)

(In Thousands of Yen)

Item.	Amount.
New policies taken for the year.	1,414,120
Increase over 1928.....	661,037
Policies in force on Dec. 31st, 1929	7,206,770
Assets	1,455,699
Actual receipts	392,113
Actual disbursements	195,447

Post Office Life Insurance

(For 1929)

(In Thousands of Yen)

Item.	Amount.
New policies taken.....	356,295
Increase over 1928.....	220,368
Policies in force at the end of 1929	1,919,409

Then it may be asked what process of development is now being taken and will be taken in future by the life insurance business in Japan? About this let me deal mainly with the ordinary life insurance business!

In Japan the spirit of the family system has existed a comparatively long time, and especially in middle and high classes of society, widows or orphans among the relatives, when left withut means of livelihood, their chief relatives have usually given them financial help. This fact has been an obstacle on the way of extending life insurance. In the circumstances, it has been unavoidable for the life insurance company in Japan to persuade people to take out policies, influenced by private considerations, rather than to induce them to insure their life in recognition of its necessity. But this social custom has been gradually destroyed, while the spirit of economic independence has advanced, with which the family supporters have become conscious of the usefulness of life insurance as means to provide against the uneasiness in the future economic life of their families. It is not limited to salaried people, but ven among the propertied classes life insurance has come to be regarded as a sound and advantageous means of preservation of properties in consideration of the inheritance tax and so on. For this reason, the maximum limit of the amount of insurance in every insurance office is being rasised more and more.

The tendency of people to carry themselves life insurance of their own accord has had the result of their carefully selecting insurance companies, to which to apply for insurance. The Japanese people, who had previously been quite thoughtless in this respect but thinking of private connections or considerations, have now come to give consideration to the company's foundation, system, business policy, etc. The fact that in these few years applications for insurance have been concentrated

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upon the leading companies much more than hitherto reveals this tendency.

During 1929 the total amount of insurances taken out by the five big companies in Japan, namely, the Nippon, the Chiyoda, the First Mutual, the Meiji, and the Teikoku, amounted to over 48 per cent of the total ordinary life insurance policies issued for the year; and at the end of 1929 they had policies in force amounting to over 47 per cent. of the total. This tendency had been followed naturally by difficulty in the business of companies not well founded. These companies in addition to their limited financial capacity, have had to pay too high cost of business in order to secure business in competition with the big companies. If in the conditions they fail in investments, they might go to the wall. In 1928, the Kyodo and the Kyokujitsu had to be dissolved. In 1929 the Nikka and the Banzai were merged, not for the reason of the difficulty of business, but for other reasons. In April, 1930 the Yachiyo, after being talked of as in difficulties for some time, had to transfer all its policies in force to this combined company.

It has been practically very hard to combine life insurance companies in Japan, owing to the difficulty of obtaining official approval and to lack of provisions for it in the Law of Insurance. Still for rationalizing truly the life insurance business, combinations or amalgamations are tought unavoidable. In fact, amendments in the Law of Insurance are now made a question in the insurance circles, with special regard to a provision for making it possible to combine the joint-stock companies and the mutual companies between themselves, or to transfer their policies in force between themselves.

The Japanese life insurance company carries on business of whole life insurance, endowment insurance and pure endowment insurance, of which endowment insurance is most common perhaps for the reason that the applicants have made it their principal object to save money by it and made death benefit a secondary question. They always compare life insurance with savings, and consider which is more profitable. It is for this reason that a rate of dividend to policy-holders makes the main point on canvassing for life insurance. The fact that people have beem made to regard rates of dividend, which have to be changed according to the working results, as if definitely fixed has compelled even the companies of limited resources to keep up their dividends by unreasonable means. Here is perhaps the difficulty of the secondary and low class companies. There are companies, which as a means to compete against sound and high dividend-paying companies, make the lowest rate of premium their motto, and quote premiums, in which the load-

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upon the large merchant ships of the Dutch and English.

During the last year, the insurances taken out for the various ships, coming to Japan, namely, the Shipping, the Shivoki, the Hiogo, and the Yokohama, amounted to the value of the ships and cargoes insured to the total of 15,000,000 dollars. The premium charged for the insurance was 1 per cent. on the value of the ship, and 2 per cent. on the cargo. Thus the total premium received by the Insurance Company for the year was 450,000 dollars. To be sure, the Company had to pay out a large sum for losses by fire, but it is said that, on the whole, the business has been very profitable. In 1870 the Company declared a dividend of 100 per cent. on the capital of 1,000,000 dollars, and in addition to this a bonus of 50 per cent. on the capital was distributed among the shareholders. In Japan, as in the Yankee, after being built of wood for all the people in time to see it consumed down.

It has been proposed very frequently by the Consuls in Japan, owing to the difficulty of obtaining the services of a pilot in the port of Yokohama, to establish a pilot service for the port of Yokohama, with a pilot-boat and pilots, and to charge a certain sum for the pilotage of each vessel entering or leaving the port. The proposal has been made to the Japanese Government, and it is said that the Government has agreed to the proposal, and that the pilot-boat and pilots will be ready for service in a few months. The pilotage charges will be [illegible] for vessels drawing [illegible] feet of water, and [illegible] for vessels drawing [illegible] feet of water. The pilotage charges are to be paid by the vessels entering or leaving the port, and not by the cargo. The pilots will be [illegible] and will be [illegible] to the Consuls. The pilots will be [illegible] and will be [illegible] to the Consuls. The pilots will be [illegible] and will be [illegible] to the Consuls

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Quite naturally, one company has said down a provision for [illegible] ... What does this [illegible] ... That [illegible] ... plicated [illegible] ... [illegible] ... insurance [illegible] ... [illegible] ... to [illegible] ... [illegible] ... ing [illegible] ... [illegible] ... ably to [illegible] ... [illegible] ... way [illegible] ... [illegible] ... [illegible] ...

ing rates are extremely reduced. They use these premiums as a weapon in canvassing.

Quite lately, one company has laid down a provision for double indemnity. What does this mean? That the applicants' demand for the use of life insurance must be shifting from simple to complex. The insurers are preparing steadily to meet the demand. We may find, in no distant future, the contracts of most Japanese life insurance companies containing clauses concerning the double indemnity, extended insurance, disability benefit and the payment of insurance in instalments. At the same time the Japanese life insurance companies are bent on a new function to extend the use of life insurance by introducing group insurance, insurance for impaired life, non-medical insurance, annuity, business life insurance and re-insurance of life. About this, every company is making careful study.

Recently, when the financial world was generally strained facing the lifting of the gold embargo, and it was very hard to canvass for life insurance, every life insurance company began to make greater and more vigorous exertions than before for procuring new insurances. These efforts have been kept up ever since. In the meantime, there were signs of the conciliation in the line being broken, but thanks to proper steps taken by the Life Insurance Association and the Dept. of Commerce and Industry, peace has been preserved and the insurers have been fighting strenuously for the sake of business openly and fairly by stretching common battle-lines.

Regarding lapses and surrenders, there is nothing to be proud of. These two or three years lapses and surrenders have remarkably increased; and during 1929 they reached 48 per cent. of the new business and 95 per cent. of the policies in force at the year end, after deducting revivals. Doubtless this is ascribable to the continued dullness in trade, which has thrown an increased number of men idle, middle and small class traders and manufacturers into distress and farmers into exhaustion, depriving them of the means of paying the premiums, or compelling them to consider surrenders in order to make use of the surrender values. There seem to be different questions studied by life insurers, such as how to prevent surrenders and how to improve the field system.

Let me tell you a little about the employment of funds by the life insurance companies.

At the end of 1925 the total assets of the life and conscription insurance companies in Japan amounted, as above mentioned, to 1,455,000,000 yen, taking over 1.4 per cent. of the national wealth of Japan amounting to 100,000,000,000 yen (see the *Nippon Kokusei-Zuye* for

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1929, page 32). These enormous assets were made up as follows :—

(In Thousands of Yen)

Item.	Amount.	Proportion to the Total. Per cent.
Bank deposits and cash on hand ...	224,966	15
Loans	335,911	23
Negotiable securities	768,161	53
Immovables.....	85,502	6
Other assets.....	41,157	3
Total	1,455,697	100

In the financial world of Japan, banking developed ahead all other lines of business, and once the banks held a monopolistic position. Not only that, but the commercial banks, which ought to have loaned only for short terms, handled long term loans, making the line between short term loan banks and long term loan banks indistinguishable. Moreover, owing to lack of an industrial investigation system, it was very hard for life insurance companies directly to invest their funds in industrial circles. Of course, there were evidently easy means of finnancial accommodation existing between life insurance companies and industrial companies belonging to the same capitalists, but this accompanied various evil practices. In the circumstances, all the life insurance companies had to invest indirectly in industrial circles or in negotiable securities through their bankers.

From about 1926 industrial circles were continually inactive; and, idle money glutting the market, interest declined. With it insurance companies' investments in negotiable securities swelled greatly. Since the beginning of the second half of 1928, however, prices for bonds and shares suffered severe declines. In Japan there in no such special way of valuation of negotiable securities, possessed by life insurance companies, as that in Europe and America; and the valuation has to be made on the basis of the prices current under the provision of the Commercial Code. The prices current adopted are customarily the official quotations at the exchange, existing at the date of settlement. So, for 1929 the life insurance companies lost on the valuation of their negotiable securities about 40,000,000 yen.

The liability reserve fund, which is an item of the liabilities of the life insurance business, standing naturally for a long period of time, it is almost impossible that necessity should arise, compelling the negotiable securities held against this debt to be sold for cash all at once.

Considering this, it might not be necessary for the negotiable securities held by life insurance companies to be valued under the same rule as those in industrial companies. It would not be irrational to recognize for them the amortization system for bonds and

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1929, page 227). The investments were as follows:

(In Thousand of Yen)

Item	Amount	Per cent of Total Amount
Bank deposits	[illegible]	[illegible]
Government bond ...	2,[illegible]0	19
Loans	3,[illegible]21	25
Negotiable securities	[illegible]5,[illegible]1	31
Immovables	33,[illegible]2	6
Other assets	4,[illegible]7	3
Total	1,[illegible]2,[illegible]7	10

In the financial world of Japan banking developed about 25 years before business and once the banks held a monopolistic position. Not only that, but the commercial banks, which ought to be concerned chiefly for short terms, handled long-term business, including real estate loans, between short term loans, bank's and long-term loans. Moreover, owing to lack of a mature trial investigation system, it was very hard for life insurance companies correctly to ascertain the financial circles. Of course, there were many means of insurance selection existing between life insurance companies and individuals, but in this country, in the absence of [illegible] in the [illegible] [illegible] [illegible]

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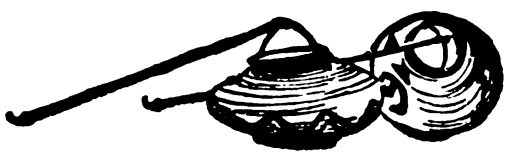
debentures and to adopt average prices for a certain period for shares as already practised in other countries.

An argument is that it is improper for life insurance companies to invest in shares. It may be contented, however, that in the Japanese fiancial world it is difficult to obtain profitable public bonds. Nor is it easy to find among loans, which are liable to be attended by evils, ones which are ever good and suitable. At least for some time to come, therefore, a way most profitable and sound would be to invest part of the funds in shares. It is necessary, however, to improve the existing method of their valuation as above stated.

The economic world of Japan is sinking into an unusual severe depression under the effect of the lifting of the gold embargo and of the world's trade dullness. Life Insurance circles would possibly have some difficulty in the direction of the employment of their funds, while their insurance business might iucrease without being retarded in its development. It would be unavoidable for them to have their interest receipts decreased and to have hardship in finding good investments, with a temporary reduction in the rates of dividend of industrial companies and without fresh means of sound and profitable investment. In what direction will a new way of investment have to be cultivated? This is a great question given to the life insurance companies in Japan for solution.

The life insurance system in Japan, which has made rapid development for the past half century, is now meeting a period of innovation in various directions. The existing economic inactivity in this country will perhaps serve as a great motive for this innovation, which will be nothing but the progress of the life insurance system itself, or, in other words, its turning from the simple and crude process of development to a complicated and refined course of advancement, rather than to mean a demand for a correction of life insurance in its social significance as an economic system.



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WHAT JAPAN THINKS

By Dr. R. FUJISAWA

(An Address delivered at the Oriental Summer School organized by Mr. Kaju Nakamura).

(II)

LET us now make a slight disgression and throw a hasty historic glance on the relation between France and Germany. We need not delve far into the past. When Napoleon was at the hight of his power, it was Germany which suffered most from his avarice. Then, so to speak, France was at the crest and Germany at the trough of a wave. By the Franco-Prussian war of 1870 this position was reversed. This time it was Germany which was at the crest and France at the trough. It is interesting to note that Thomas Carlyle wrote in a letter to *The Times* in December 1870: "No people has had such a bad neighbor as Germany has possessed during the last four hundred years in France. Germany would have been mad had she not thought of erecting such a frontier wall between herself and such a neighbor." As the result of the World War, the positions were again transposed, France at the crest and Germany at the trough. That brain of the British Foreign Office in historic matters, Sir James Headlam) morley who died about an year ago, in his posthumous work, "Studies in Diplomatic History" which is just out, draws on the question of security some interesting and enlightening comparisons between the situation that the British Government were faced with after the Napoleonic Wars in dealing with France and after the World War in dealing with Germany.

It is France which suffered most in the last war. The sympathy of the whole world is due to her. That France fears the repetition of history is only too natural. It is the Locarno Treaty which soothes her that she need no such fear, at any rate, for the time being. I do not know whether history repeat itself or not, but this much is certain that neither the crest nor the trough is the natural level of stabitity. Time will solve even the vexed question of reparation. At some vague date, when even the slightest trace of the aftermath of the war has passed into the limbo of the past, if a new Locarno based not upon the crest or trough but upon the natural level intermediate between the crest and the trough of stability can be deviced, it would be a great contribution toward the lasting world peace. The withdrawal of the French army of occupation from the Rhinland,

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which has just taken place four years earlier than the date laid down at Versailles, is something more than the final act in the World War; it represent the visible end of nearly three centuries of French struggle for the "natural frontier"—a solitary ray of hope in the vast desert of mental devastations and subdued sentiments among the two of the most important nations of the world. I have referred to the concrete instance of France and Germany, in order to make myself clear.

I believe, there are many similar cases elsewhere in this wide world.

The ostensible reason why Russia does not join the League of Nations is this: The Treaty of Versailles is a treaty forced amidst excitement and confusion by the victor of an overwhelming victory upon the vanquished in utter despair and crushed almost beyond the hope of recovery. The peace thus restored is inevitably abnormal and incongruous. Now the League of Nations as constituted now is the institution for petrifying such a *status quo*. Where is the necessity of appealing to this petrifactive agency for fair and just claims and redresses? I am not so over-credulous as to believe all Russia says—Russia whose government is so astute as to feign ignorance of its connection with the Third International, but I beliefe in this particular instance there is some ingrediant of truth in what she says. Any fair-minded and reasonable peoble will admit that such an aspect of the League is at least thinkable. All peace-loving people who can detach themselves from the happening of the hour will perceive that here is a stumbling-block to be removed by all means. It lies beyond human power that conditions somewhere in the world gravitate in the long run toward an intolerable situation, which, in pre-war days, was thought to be capable of solution by war and by war only, the resu!t of such a war coming out, in some rare instances, to be salutary, by destroyiong the bulwarks of ancient wrongs and paving the way to necessary reforms and readjustments. Pacific means to cope with such a situation, of which we have at present no clue in spite of Article 19 of the Covenant, is yet to be discovered, if war is to be extirpated once for all. Touse a chosen word of General Smuts, peace must be *Dynamic*; war in the past was very often the manifestation of cumulated stagantion.

You might think that I have been speaking promiscuously and confusedly and sometimes contradicting my own self. This is only to be expected. I have been trying to give you a glimpse, however hazy, of what Japan, as it appeared to me, is thinking on world ploblems which themselves are confused and not seldom contradictory. It seems to me that the result of all the discussions and experiences during the

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decade we have just gone through, crystallized itself in the emergence of two distinct schocls of thought in dealing with world peace problems. One school will be called the Protocol school, as it is so strikingly typified by the thought which lies at the root of the Geneva Protocol of 1924. The other school I am going to call the Levinsonian school, which would hardly require explanation in view of what I have already spoken of Levinson's anonymous and disinterested labour as the originator of the Kellog Pact. These two schools are called by some the French school and the American school respectively. Now, even in America, there are some writers and publicists who are fond of indulging in preparing elaborate schemes and detailed plans of the Geneva Protocol pattern. Their mentality is characterized by giving undue importance to the transitory Present, and by making a shallow reading of, if not almost ignoring, the irrevocable Past, in thinking out the perfidious Future. On the other hand, there are some among Frenchmen, though perhaps rare, who can understand why Britain so obdurately refused to sign the Geneva Protocol. Moreover, such a thing as the distribution of various schools of thought is by its very nature something which ought not to know national boundaries. So I thought it only proper to designate the two schools of thought as I have done.

The League of Nations and the Kellogg Pact are two distinct roads—perhaps it would be more propar to say the sign-posts of two distinct roads—leading to the common goal of world peace and human well-being. It is like going to London by the Siberian route or by way of America. They are distinct and they must remain distinct. The mixing up of the two can only lead to confusion and ultimately to failure. The Kellogg Pact is the manifestation, pure and simple, of the Levinsonian school of thought, while the League of Nations, at least as it now is, is the embodiment of a conglomeration of the two shools of thought. As General Smuts says in closing his remarkable address on "world-peace", the Peace Pact is America's great contribution towards world peace ; it is her special approach to the greatest probbem of our time and of all time. To this I may add that there is not the remotest chance of America ever joining the League. Viewed from this standpoint too, the approaches should be kept distinct and separate. The League of Nations and the Peace Pact should advance, each following its own path, unfettered and unmolested.

Those who discern innumerable loopholes for evasion in the Peace pact are those whose mentality is not suited for catching the true significance of

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which has just taken place four years earlier than the date laid down at Versailles, is something more than the final act in the World War; it represent the visible end of nearly three centuries of French struggle for the "natural frontier"—a solitary ray of hope in the vast desert of mental devastation and subdued sentiments among the of the most important nations world. I have referred to the instance of France and order to make myself clear.

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the Pact. The Pact is to advance along the path of creating such an atmosphere as to make these holes disappear by themselves, while such things as, only to cite a single example, the progressive codification of International law may be safely left in the hand of the League of Nations. To one like myself who is a firm believer in the importance of keeping two approaches thus far found toward the goal of world peace distinct and separate, it gave him no small misgivings, when he knew that a movement was on foot to amend the Covenant in order to bring it into harmony with the Peace Pact. I felt relieved from my anxiety when I knew that the Committee for this purpose decided to touch the provisions of the League Covenant as little as possible. The proposed amendments as given in the March (1930) number of "The Monthly Summary of the League of Nations" are, in fact, exceedingly limited in their scope, and I felt joy in the consciousness that I myself need not hesitate to agree to such moderate amendments.

The quintessence of the Peace Pact is its simplicity. The fact that it came into being without even a single conference is a happy reminder of the wisdom of its authors. It is simple as it stands, and ought to remain simple by all means. However, when a flagrant abuse of the Pact has been experienced, we might feel the absence of supplementary provisions for forestalling such an abuse. The safe procedure in this case is to follow the precept that man is wise after the event. Suppose a nation A committed against another nation B an unscruplous act of violence of the sort of *coup d'etat*, and then claimed the invocation of the Peace Pact. Is this not a flagrant abuse of the sacred Pact? Such an instance actually occurred last year and, indeed, just at the time when the Pact was being born, in the Russo-Chinese dispute over the Chinese Eastern Railway. The consensus of the world opinion was that first of all *status quo ante* must be resorted. Russia also made this a prerequisite of any negotiations. That the *status quo ante* was restored by the provisional agreement signed at Habarovsk on December 22, 1929, no doubt owes much, though indirectly, to the public opinion of the world. Now, the world's opinion, even if effective, can only become effective after the event, not to say of the necessary delay in its manifestation. Suppose there was a supplementary provision of the Peace Pact to the effect that if *status quo* was disturbed by the use of force, the Pact becomes effective only on the restoration of status quo ante. It will forestall the occurrence of such an unfortunate incident. It might be argued that there are cases where the restoration of *status quo ante* is physically impossible, or again that the restoration of *status quo*

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ante itself might involve the renewed use of force. Such an objection arises from not understanding the true spirit and inwardness of the Pact. The supplementary provision just spoken of, if adopted, will have the effect of preventing the occurrence of such an act of violence before the event. My idea is this: the Peace Pact ought to remain intact in its present form; only to forestall some glaring abuses, it should be, without impairing its fundamental simplicity, supplemented by a few riders or corollaries, of which that of *status quo ante* is an illustrative example.

There are some thoughtful people, to whom the worst defect of the London treaty appears to be the absence in the preamble of any mention of the Kellogg pact or of the League Covenant. I, for one, wished to go a little farther. I hoped that the delegates might utilize this rare opportunity to talk over the *status quo ante* question in their spare moments, and that the world might get the addition of this supplementary provision to the Peace Pact as a by-product of the London Naval Conference. I have now to wait for some future opportunity.

I now pass on ton the consideration of less ambitous and more practical means of coping with the difficulties of maintaining matter-of-fact peace. That disarmament is the surest guarantee for peace is axiomatic. In the long run, disarmament is an illusion, unless it is disarmament with no chance or possibility of renewal, but such an idea is to be dismissed as the Circean dream of ethereal ideal. We are quite content with disarmament of any sort and of any form, and yet the prospect is far from being bright. Like a snake on a forlorn wayside, twisting itself round, with its head erect though in doubt, stealingly throwing its glance all around amidst the glamor and mystery of internationalism, disarmament is making a stationary progress, apparently moving but really staying. When, toward the end of 1927, Russia proposed the complete abolition of armament, it was jocularly remarked that the result of its adoption would be some Chinese war lord marching triumphantly across disarmed, unprotected Europe, to occupy each capital in turn. To asuperficial observer, all this would appear trivial and void of contents. But, in reality Russia's ironical proposal and this humorous remark furnish rich food for profound reflection and grave meditation. The road toward limitation or reduction of armament is steep and craggy and beset with innumerable thorns and obstacles which no amount of eloquence or appeal to abstract principles can remove.

Among all sorts and kinds of disarmament, as it appears to me, it is the naval disarmament as the result of conferences of the type of the Washington Conference of 1921 and the London

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Co. Peace of 1905, which, comparatively speaking, has a new lease of prosperity and glory. Delaney, as my is due to the genius of Colonel [illegible] Mr. Ives, who, in [illegible] and conducted the "Ulterior Operations," showed a resourcefulness and [illegible] unequaled by anything which has appeared since then.

The underlying principle of any future naval combination should be, in my opinion, the federation in the words of which I indicated that of Tennyson's famous phrase:

With unarmed forward eyes,
With sympathy for all.

This principle may also be stated in the form of "defensive supremacy of a Naval Power," that is "watch," which may be also stated into "defensive supremacy." In view of the probable character of the navy and the contingent possibility of two homogeneous, that the practical application of this principle may not arise most with difficulties, is quite thinkable. If we envy, who never a situation arises disagreeable and the Calculus of this principle and the Calculus of some other considerations, precedence should be given to the adjudication of this principle. Then this principle is that and further to [illegible] application of this principle, like every other principle in [illegible] exists, most with difficulties in exceptional cases, one's not to stand on the way of its being recognized by the civilized world. Indeed, this principle was on the which is recognized and observed at the last London Conference, although it was found to be inadequate to [illegible] over the Franco-Italian dispute.

There is yet another direction in which we may direct our attention in our end above to harmonize the [illegible] an of world peace with the hard facts of the present world, at least for many years to come. Suppose, among several countries in a certain portion of the world, there is one which shows itself conspicuous by the order and stability has maintains within her borders and by a disposition of having power [illegible] words of promise. Is it not simply natural that the world recognizes in this one conspicuous case by the striking factor of the maintenance of peace in that part of the world? Such a recognition would take the form of a treaty. It only the public opinion of the enlightened world recognizes what it, treaty or not, actually realizes, that is simply sufficient. Moreover, not only a treaty of this kind is a reminder of pre-war mentality, but is liable to hurt the susceptibilities of nonconspicuous countries with [illegible] too well how to claim but do not know how to state to justify their claims. If there are two such countries conspicuous, the two may serve complete the stabilizing influence. If all the countries in the region are equally

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Conference of 1930, which, comparatively speaking, has a semblance of promising outlook. This happy angury is due to the genius of Charles E. Hughes who, in initiating and conducting the WashingtonConference, showed rare statesmanship, I believe, unsurpassed by anything which has appeared since then.

The guiding principle of any future naval conference should be, in my opinion, the folloing, in the wording of which I imitated that of Lincoln's famous phrase:

With menace toward none,
with security for all.

This principle may also be stated in the form of "defensive supremacy of a Naval Power in her home water", which may be abbreviated into "defensive supremacy". In view of the mobile character of the navy, and the contingent proximity of two home-waters, that the practical application of this principle may sometimes meet with difficulties, is quite thinkable. However, whenever a situation arises deadlocked between the Scylla of this principle and the Charybdis of some other considerations, precedence should be given to the vindication of this principle. That this principle is just and fair is beyond question. That the application of this principle, like every other principle guiding human activities, meet with difficulties in exceptional cases, ought not to stand in the way of its being recognized by the civilized world. I believe, this principle was, on the whole, recognized and observed at the last London Conference, although it was found to be inadequate for tiding over the Franco-Italian differences.

There is yet another direction in which we may direct our attention in our endeavour to harmonize the problem of world peace with the hard facts of the practical world, at least for many, many years to come. Suppose, among several countries in a certain region of the world, there is one which shows herself conspicuous by the order and stability she maintains within her borders and by a clean record of having never broken her words of promise. Is it not simply natural that the world recognizds in this one conspicuous country the stabilizing factor of the maintenance of peace in this part of the world? Such a recognition need not take the form of a treaty, It only the public opinion of the enlightened world recognizes what it, treaty or not, actually realizes, that is amply sufficient. Moreover, not only a treaty of this kind is a reminder of pre-war mentality, but it is liable to hurt the susceptibilities of non-conspicuous countries which know only too well how to claim but do not know how to act to justify their claims. If there are two such conspicuous countries, the two may serve conjointly as the stabilizing influence. If all the countries in the region are equally

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conspicuous, the conception of stabilizing factor or influence loses its *raison d'être*, and peace reigns, as it is, in this region.

That for a little more than a century the United States was the stabilizing factor in the Western Hemisphere is beyond dispute, although she was not able to prevent the sporadic outbreak of small wars on the outfringe of her influence; and all this, long before she became the dominating power of the world to whose smile or frown the whole world cannot but be sensitive, and when she was as yet only one of the four or five great powers of the world.

When the Monroe doctrine is the subject of talk, not seldom there prevails a subdued atmosphere which recalls a proverbial expression "like scatching an itching foot from outside the shoe". I wish to avoid such an atmosphere. With Rooseveltian frankness I will speak out what is in my mind, and go straight to the root of the matter. On the occasion of the centenary of this doctrine in 1923 and thereabout, there appeared many valuable articles on this doctrine in America as well as elsewhere. Particularly, I should like to mention, as deserving careful study, Mr. Hughes' article, "Observations on the Monroe Doctrine", to be found in American Bar Association Journal of September, 1923. I believe this article forms the nucleous of Mr. Hughes' contribution to the new Encyclophedia Britanica. It seems to me that, historically speaking, the conception of the doctrine has passed through various phases of modification or metamorphosis. There are many aspects of this doctrine, and a few of them the result of misinterpretation or misunderstanding. In discussing the Monroe doctrine, sometimes it happens that the two sides unconsciously base their argument on its two different aspects, thus making the discussion endless and fruitless.

The United States as the stabilizing factor in the Western Hemisphere, seems to me, is one important aspect of the Monroe doctrine. I do not say that it is the Monroe doctrine *into toto*. I only believe it to be an important aspect, among several aspects, of the doctrine. Now it was about the time of the Paris Conference that an idea occarred to me, that, if the Monroe Doctrine is something just and fair, as a logical consequence, it must be a special case of the more general principle, which, applied to the particular case of the Western Hemisphere, becomes the very Monroe Doctrine. If in the meaning assigned to the "Monroe Doctrine" to be found in any lexicon or dictionary, the words *American continent, the United States, European Powers* be replaced by *a particular region, the dominating Power, Powers outside of this particular region*, we obtain a supportable description of this

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spontaneous remark, but kept his momentary silence, probably because adequate words failed him. At that tant I felt that I was standing face to with a man who is verily honest ere. The silent mien, of which cognizant at that instant, r more eloquent than the e by the assertion of the elf in the course of onest and sincere. his address a ith renewed iction. ittle in t it

general principle.

First of all, I wished to have a name for this general principle, which defies misinterpretation. Etymological considerations are of no avail, as any name so derived is unfailingly prone to misconstructions one way or other. So, in homage to, and as souvenir of, the labours of the so-called Big Five at the Paris Conference, I took the initial latters *a, e, f, i, j* of their names, and these letters were arranged by repeated trials so as to conform to phonetic ease, resulting in the permutation *feaji*. I believe, as long as we have to keep our feat firmly planted on the solid earth, however high we may try to reach toward ideals, the Feaji doctrine if recognized by the civilized world, will serve the purpose of upholding the best interest of mankind. Moreover its conception is by no means an entirely novel idea. Without doubt, it was in the mined of Roosevelt when he, shortly before his death, said with his characteristic frankness and impartiality "The American people do not intend to give up the Monroe Doctrine. Let civilized Europe and Asia introduce some kind of police system in the weak and disorderly countries at their threshold." Herein the word Asia can only mean Japan as the stabilizing factor in the Far East. It lies beyond doubt that Roosevelt had in his mind the Feaji doctrine as I conceive it, or, if not, something very much like it. The effort for making the world recognize the Feaji doctrine, made moderately and sanely, but sincerely and with utter scorn for words that are not made good by deeds, will be productive of real and lasting international good.

That the world and, in particular, the United States, have gradually come to recognized Japan as the stabilizing factor in the Far East, seems to augur a new era of peace in the Western Pacific. This recognition need not take such a form as diplomatic agreement or treaty. Such a form is rather contrary to the spirit of the times. It will suffice, if the public opinion of the majority of the American people recognizes the special position of Japan as the stabilizing factor in the Far East, which is after all a factual as well as geographical actuality. Only we have to be on the alert lest we might unawares be beguiled by the recalcitrant attitude of a small jingoistic minority.

Ex-Ambassador Castle, in his maiden speech in Japan said: Just as we like to believe that the influence of the United States on the American Continent is a guarantee of peace, so do we like to believe that the power of Japan in the Orient, a power due to the vigour and forward-looking nature of its government and people, leads to order and progress and peace in the Western Pacific." Again in his parting address he said: "What American

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must learn and can far more easily learn in this era of post-Conference trust and good-will is that just because Japan's interests are vital, that just because Japan's trade with China is of paramount importance, Japan must be and will be the guardian of peace in the Pacific."

Both of these addresses, I had the fortune to hear in person. Indeed it was both joy and comfort for me to listen to the, by no means, elquent, but honest, sincere and, if I may say, undiplomatic speech of Mr. Castle. On the latter occasion, I had a few minutes talk with the departing Ambassador. I said: "My name is so and so. I know that for a foreigner our names are hard to remember. However, if by luck my name does not slip out of your memory, may I ask you for a favour....." The Ambassador said: "Yes, I will, with great pleasure", and added: "the Japanese names are after all not so hard to retain". Thereupon, almost unconsciously I echoed: "Because you are so deeply sympathetic toward Japan and the Japanese people". The Ambassador seemed to respond to my spontaneous remark, but kept his momentary silence, probably because adequate words failed him. At that instant I felt that I was standing face to face with a man who is verily honest and sincere. The silent mien, of which I became cognizant at that instant, was for me far more eloquent than the impression made by the assertion of the Ambassador himself in the course of his speech that he is honest and sincere. And all what he said in his address a moment ago came to me with renewed strength and compelling conviction.

Perhaps my expectation is a little in advance of the present situation, but I am certain, the wind is blowing in the right direction. To stabilize the conception of Japan as the stabilizing influence in the Far East, that is to say, to make it irrespective of such a casual circumstance as the London Conference and, looking a little further into the future, independent of any possible change of government in Washington, should be the aim, not only, of Japan, but of all those to whom hard-facts peace in the Orient is of vital concern.

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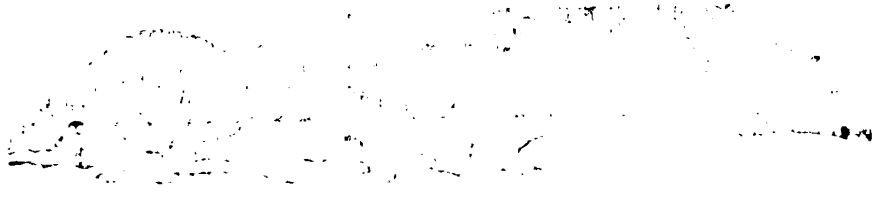

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A Short Historical Sketch of the Mariana Islands and Japan, with Notes on the principal Ships employed

By [illegible]

Vice-Consul at the Port Louis Islands

[illegible]

A Short historical sketch of the Mercantile Marine of Japan, with notes on the prevailing shipping depression

By NOBORU OHTANI

Vice-President of the Nippon Yusen Kaisha

IN complying with the request of "The Japan Magazine" for an article for its special number, after some reflection, I desided to contribute a short historical sketch of the Mercantile Marine of Japan, a subject on which I have frequently written. This account, though concise, is intended to convey an adequate idea of the subject.

Further I propose to describe briefly the present depression in shipping throughout the world.

The development of the Mercantile Marine of Japan to its present state was accomplished in the incredibly short period of three-quarters of a century, after the complete seclusion of the country from the outside world for more than two hundred years.

The Japanese, though peace-loving and life-enjoying, are progressive and tenacious. As history shows, centuries ago they were engaged in maritime activity and accomplished wonderful feats. It should not occasion surprise, therefore, that in the three-quarters of a century since the doors of Japan were opened to Commodore Perry, her progress should have placed her among the leading maritime nations of the world.

The dawn of Japan's history is associated with maritime activities. Her national mythology is rich in stories of sea adventure. Later records demonstrate the energy and spirit of the early Japanese, who fought the stormy seas in the primitive craft of those days.

The latter half of the Sixteenth Century and the beginning of the Seventeenth mark the Golden Age of our maritime activity. This was in great measure due to the stimulus received through the appearance of Portuguese and other foreign ships in Japanese waters. Japanese vessels were not only to be seening South China and the South Sea Islands, but cruised the Pacific as far as Mexico, and fought their way through the Indian Ocean past the Cape to Europe. These ships numbered no less than two hundred at one period, engaging in commerce with twently different countries, which were eventually dotted with Japanese colonies.

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Unfortunately, while Japan was thus prospering by leaps and bounds, the suspicion arose that the Roman Catholic emissaries (principally Jesuits) then propagating their religion with marked success in Japan, had a secret and ulterior object in fomenting political troubles among the people, and this was the signal for an abrupt ending of the hitherto increasing overseas activities. The Japanese were deprived of the privilege of going abroad, and foreign vessels, except those of Chinese and Dutch nationality, which had to submit to the most restrictive conditions, barred from calling at Japanese ports. For the long period of more than two centuries thereafter, the ocean trade of Japan was thus held in a state of forced suspension.

The progress of the civilized world in the Nineteenth Century, however, would not permit such isolation, and, in compliance with the pertinent demand of Commodore Perry, the Shogun's Government, amidst the confusion of opinion, took a firm step and signed the famous treaty. This auspicious event was followed in 1854 by the conclusion of similar treaties with the leading nations of Europe.

Commercial intercourse with foreign countries was thus resumed, and time-worn restrictions were withdrawn. Then was formed the nucleus of the present Mercantile Marine of Japan.

The Shogun's Government, finding the old Japanese systems of shipbuilding and navigation out-of-date, promptly decided upon introducing the ideas of the outside world. For this purpose, students were sent abroad, while foreign experts were engaged to work in Japan. A shipbuilding yard was established in Yokosuka, and a naval school in Nagasaki.

After the "Restoration", the Government at once started to make energetic efforts to introduce western learning and ideas and made strenuous endeavours to apply these to the administration of state affairs and all possible branches of the national life. As regards the Mercantile Marine, their earnest exertions, which were warmly supported by the zeal of enterprising business men, gradually bore fruit, and Japan can now boast that her Mercantile Marine, after more than two centuries of forced inactivity, has made its reappearance in an improved form, and strengthened in every respect.

In the third year of the "Restoration", (1870), the Government promulgated the Mercantile Marine Regulations, which were the first indication of their policy of encouragement in this direction. In the same year, the pioneer steamship concern was inaugurated; thus a new leaf in the history of the Japanese Mercantile Marine was turned. In the year following (1871) another company was established, which subsequently developed into the

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Unfortunately, while Japan was thus prospering by leaps and bounds the suspicion arose that the Roman Catholic emissaries (principally Jesuits) then propagating their religion with great success in Japan, had a secret and ulterior object in forcing political troubles among the people, and this was the signal for an abrupt curbing of the hitherto increasing commercial activities. The Japanese were deprived of the privilege of going abroad, and foreign vessels, except those of China and Dutch nationality, were limited to subject to the most restrictive conditions, barred from calling at Japanese ports. For the long period of more than two centuries thereafter the overseas trade of Japan was thus held in a state of forced suspension.

The progress of the civilized world in the Nineteenth Century, however, would not permit this situation, and in compliance with the peremptory demand of Commodore Perry, the Tokugawa Government, amidst a conflagration of opinion, took a firm step and signed the famous treaty. This auspicious event was followed in rapid succession by the conclusion of similar treaties with the leading nations of Europe.

Commercial intercourse with foreign countries was thus resumed, and numerous restrictions were swept away. Then was formed the nucleus of the present Mercantile Marine of Japan.

The Shogun's Government, finding

the old Japanese system of shipbuilding and navigation out of date, promptly decided upon introducing the modern methods of the West. For this purpose, a dockyard was established, while foreign experts were employed to work in Japan. A shipbuilding yard was established in Yokosuka, and a naval school in Nagasaki.

After the "Restoration", the Government at once started to make energetic efforts to introduce western learning and characters and practices to apply these to the administration of state affairs and all possible branches of the national life. As regards the Mercantile Marine, their earnest endeavours which were warmly supported by the zeal of enterprising business men, quickly bore fruit, and Japan now boasts that her Mercantile Marine, for more than two centuries closed to innovation, has made its leaping progress in an unprecedented manner.

In the third year of the "Restoration", (1870) the Government promulgated the Mercantile Navigation Regulations, which were the most indicative of the new policy of the Government in this direction. An essentially important feature of the Regulations was the encouragement given to the establishment of private companies, and a number of such companies were established, and subsequently developed into the

"Japan Steamship Company". It was soon followed by the Nissan Tsushin Company, the basis of which was the acquisition of the small fleet so necessary in Japan as merchant, business, pleasure steamers, ship builders, and harbour masters. However, the steamers owned in Japan, as a whole, were then still insignificant, the total gross tonnage amounting to only a little over 30,000.

For nearly ten years from 1871, when the Nissan Tsushi Company acquired its first additional steamers, that Company was the central figure in the development of the Japanese Mercantile Marine. Mr. Iwasaki not only organized the fleet in 1875 to Government specifications, but their maritime policy, formulated the principle of protection and encouragement of merchant shipping, and the establishment of schools of navigation and marine engineering.

Subsequently, the Mitsu Bishi Company, having acquired a number of vessels that had belonged to a former concern, the "Yubin Jidosen Kaisha", became powerful. Friendly relations were established by the Nissan Tsushi Company with Hawaii and Shanghai, and their steamers coming were received in their friendly established thoroughfares in the Yokohama Shanghai service. Besides conducting their service on the Japanese coast. Later they extended their lines to Hongkong and Vladivostok.

In 1877 the Nissan Tsushi made still another addition of ten steamers. These ships were larger and more powerful, and were vitally responsible the Mitsubishi Mercantile Marine of Japan. Complaints began to be raised against the organized opposition was started by the establishment of the Kyodo Unsoo Kaisha (Union Transport Company) in 1877. This Company acquired many steamers, and carried on their business in open competition with the Mitsubishi Company. The competition became so acute, that at last arrangements were made for the amalgamation of the two companies in 1885, which resulted in the formation of the Nippon Yusen Kaisha.

About the time the Osaka Shosen Kaisha was established in Osaka. It was then a new company in the history of the Inland Sea of Japan, but later developed into a large company. It has since maintained valuable foreign services in the Far East, to Bombay, Europe, Bombay, Australia, New Zealand and the Pacific coast of North America, a branch line, discontinued later.

The Nippon Yusen Kaisha, while maintaining the services once the separate of its predecessors, opened new lines to Otaru and North China, and on the Kobe and Shanghai service; and in 1896, it was organized the service between Kobe and Vladivostok.

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"Japan Steamship Company". It was soon followed by the Mitsu Bishi Company, the nucleus of that great corporation of the same name, now so prominent in Japan as merchants, bankers, mineowners, shipbuilders, and landowners. However, the steamers owned in Japan, as a whole, were then still insignificant, the total gross tonnage amounting only to a little over 26,000.

For nearly ten years from 1874, when the Mitsu Bishi Company acquired more than ten additional steamers, that Company was the central figure in the development of the Japanese Mercantile Marine. Mention must not be omitted of the fact that in 1875 the Government, in furtherance of their maritime policy, formulated the plan of protection and encouragement of merchant shipping, and the establishment of schools of navigation and marine engineering.

Subsequently, the Mitsu Bishi Company, having acquired steamers which had belonged to a defunct concern, the "Yubin Jokisen Kaisha," became more powerful. Branch offices were opened by the Mitsu Bishi Company in Yokohama and Shanghai, and, after overcoming severe competition, they firmly established themselves on the Yokohama-Shanghai service, besides consolidating their services on the Japanese coast. Later they opened Lines to Hongkong and Vladivostok.

In 1877 the Mitsu Bishi made still another acquisition of ten steamers. They thus became more and more prosperous, and were virtually monopolizing the Mercantile Marine of Japan. Complaints began to be raised against them, and organised opposition was started, culminating in the establishment of the Kyodo Unyu Kaisha (The Union Transport Company) in 1882. This Company acquired many new steamers, and carried on their business in open competition with the Mitsu Bishi Company. The competition became so acute, that at last arrangements were made for the amalgamation of the two concerns in 1885, resulting in the formation of the Nippon Yusen Kaisha.

At about this time the Osaka Shosen Kaisha was established in Osaka. It was then a small concern maintaining trade in the Inland Sea of Japan, but later developed into a large company. Today they maintain well-known foreign services in the Far East, to Puget Sound, Europe, Bombay, Australia, East Africa and the east coast of South America and many other centres, as will be mentioned later.

The Nippon Yusen Kaisha, while maintaining the services originally inaugurated by their predecessors, opened new lines to Corea and North China, and one between Shanghai and Vladivostok; and in 1891, they inaugurated the service between Kobe and Manila

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and despatched occasional steamers to Australia. In the following year, 1892, the N.Y.K. Japan-Bombay service was opened, the first regular Japanese steamship service with a far-overseas country. The rapidity of progress of merchant shipping in Japan can be shown by the fact that in the beginning of 1891 the total gross tonnage owned in Japan was 100,000, this figure being increased in the following year by 10,000.

During the Japan-China war of 1894-5, when the greater part of Japanese tonnage was requisitioned for transport purposes, a large number of steamers was purchased by Japanese owners, many being chartered besides, and, Japan having complete command of the sea, they were able to maintain their established oversea services. At the close of the war, Japan found her merchant marine had grown 100% compared with the figures before the war.

Meanwhile, the Nippon Yusen Kaisha lost no time in consolidating their established lines, and in the following year, 1896, they inaugurated three trunk services, viz., the Yokohama-London-Antwerp line, the Hongkong-Japan-Seattle line, and the Yokohama-Manila-Australia line. Thus another new leaf was turned in the history of the Japanese Mercantile Marine. Other owners, taking advantage of the increased tonnage, showed marked activity in the waters of Corea and of North and South China.

In 1898 The Toyo Kisen Kaisha was established, and they inaugurated a new regular fast service between Hongkong and San Francisco, via Japan ports, with three fine new steamers built in Great Britain. The Osaka Shosen Kaisha were not behindhand. They opened a new line on the Yangtze-Kiang, an example followed by another new company. In the next year, 1899, the Osaka Shosen Kaisha inaugurated a line from Formosa to Hongkong, via Amoy and Swatow. The increase in Japanese tonnage, at this time, was remarkable. Whereas, at the end of 1897, it amounted to only 270,000 tons, it suddenly increased, at the end of 1898, to 477,000 tons, the rate of growth continuing, until the gross tonnage of steamers of 1,000 tons and over at the end of 1903 amounted to 512,000.

The Russo-Japanese war broke out early in 1904, and Japan found herself compelled to undertake transport work of a magnitude greater than had been known in history. This situation naturally created the necessity of purchasing additional tonnage, with the result that at the end of 1906 the total merchant marine reached a little over one million gross tons, Japan thus ranking sixth amongst the great maritime powers of the world. Through the expansion of trade after the war, sufficient employment was found for these steamers.

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and despatch of ocean steamers to America. In the following year, 1893, the N.Y.K. Japan-China service was opened, the first regular steamship service with a far eastern country. The rapidity of progress of merchant shipping in Japan can be shown by the fact that in the beginning of 1891 the total gross tonnage owned in Japan was 190,000 tons, being increased in the following year by 10,000.

During the Japan China war of 1894-5, when the greater part of Japanese tonnage was requisitioned for transport purposes, a large number of steamers was purchased by Japanese owners, mainly being chartered bodies, and Japan having control of the sea, the vessels were able to keep their established ocean services. At the close of the war, Lloyd's Register compared with the figures before the war.

Meanwhile, the Nippon Yusen Kaisha lost no time in consolidating their established line, and in the following year, 1893, they inaugurated their fortnightly services, viz., the Yokohama-Seattle-Australia line, the Yokohama-Portland-Australia line, the Hongkong-Australia line. Thus another new local was formed in the history of the Japanese Mercantile Marine. Other owners, taking advantage of the increased tonnage, showed rapid ex-

tivity in the waters of China and of Australia and New Zealand.

In 1896 the Nippon Kaisha was established, and by inaugurating a new regular service between Hongkong and San Francisco, via Japan ports, with three new steamers built in Great Britain, the O.S.K. also began Australian services. They opened a new line via Yokohama-Kobe, and Nagasaki, followed by another new one. In the next year, 1897, the Osaka Steamship Company began a service between Kobe and Bombay, via Moji, Nagasaki, Shanghai, Hongkong, Singapore, Penang, Colombo, and Aden, with a fortnightly service. In 1898 the Osaka Company opened a new line to Australia, via Thursday Island, Brisbane, Sydney, and Melbourne, and in the following year, 1899, it commenced to run to Vancouver, via Honolulu. In 1896, it commenced to run to Bombay, via

The Toyo Kisen Kaisha had opened its South American service before the war began started. The Osaka Shosen Kaisha, having already grown into a large company, started in 1909 their Far East-Puget Sound service. Elsewhere, the expansion was also pronounced, for in 1907 the four large Japanese companies trading on the Yangtze-Kiang proved their interests, and formed the Japan-China Steamship Company (Nisshin Yusen Kaisha), and the Osaka Shosen Kaisha meanwhile established the Tientsin-Vladivostok and the Japan-Dairen (Dalny) lines. The sizes of steamers owned in Japan also considerably increased, keeping pace with the expansion of maritime enterprise.

Despite the general slump in the shipping trade, which prevailed all over the world during this period, the total gross tonnage of the steamers flying the Japanese flag at the end of the year in which the great European war broke out was 1,750,000, of which 1,310,000 tons represented steamers of more than 1,000 tons.

The extreme dearth of tonnage and the consequent pressing demand for it all over the world caused by the Great War, created a unique situation for Japanese merchant shipping, so much so, that the total gross tonnage suddenly swelled by a million tons within a short space of time, and the yearly shipbuilding capacity increased from 60,000 to 350,000 tons gross. The further contributed by Japanese vessels to the carriage of imports and exports increased to no less eighty per cent., the remaining twenty per cent. being carried by foreign vessels. Many new steamship services, sailing to all corners of the globe, appeared one after another, the Rising Sun ensign becoming still further in evidence over all the seven seas.

On the other hand, the Japanese Mercantile Marine indeed "did their bit" for the cause of the Allies. Foremost among their contributions to the war were regular fortnightly Japan-Unite[illegible] Kingdom mail service, and frequent auxiliary steamers, by the Nippon Yusen Kaisha, throughout the war. This undertaking entailed heavy risks for the Nippon Yusen Kaisha, resulting in the sinking by the enemy of four mail steamers, including the "Yamaba Maru", then one of their finest vessels, besides a new cargo carrier, and involving great loss of life. Undaunted by these sacrifices, and warmly supported by the brave captains and crews, the Nippon Yusen Kaisha continued to serve the Allies by carrying foodstuffs and war material from the Far East to Great Britain. Other shipowners were not behindhand, for a great many of them continually maintained their services from Japan to Europe during the war, at heavy risk. Further, in willing response to the call of the United States after she entered the war, a group of Japanese ship owners

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delivered a number of steamers aggregating 150,000 tons to the U.S. Government on charter at a charter-rate considerably lower than that which the shipowners could have obtained in the open market.

The inevitable aftermath of the war abnormalities—shipping depression—began in earnest in 1920, and is still working havoc all over the world. We are now in the eleventh year of the depression, yet not only is there no appreciable sign of recovery in sight, but the gloom has lately been increasing in intensity. Japanese shipping, in common with that of all other nations, is undergoing a severe test of its perseverance and fortitude. However, Japanese shipping has considerably increased in the meantime, the latest statistics showing that there are about four and a quarter million gross tons of steam and motor vessels owned in Japan. Of the recent developments in Japanese shipping, it may be worth mentioning the incorporation in 1926 of the Toyo Kisen Kaisha's Pacific services into the Nippon Yusen Kaisha, which with a view to meeting the growing needs of the Pacific trade, has since built three passenger motor vessels of 17,000 tons gross each, with a speed of more than 20 knots, for the regular service between San Francisco and the Orient, as is well known to the public. Further, the Nippon Yusen Kaisha built three motor vessels of 11,600 tons each for its Seattle service and two motor vessels of 11,800 tons each for its London service, besides one of 9,700 tons for its West Coast of South America service. These ships are for the consolidation and improvement of the Company's established lines of services. The Osaka Shosen Kaisha built six improved motor cargo-carriers for its New York line.

A severe depression is now prevailing. Shipowners the world over are finding it difficult to maintain their position. After the last war, a huge mass of tonnage was suddenly thrown out of employment. The purchasing power of the nations that emerged was reduced to a mean level, so that goods offered for carriage by ocean-going vessels were sadly below the available tonnage, to the consternation of shipping interests. To make the situation worse still, Russia, which was a great producing as well as consuming country, almost ceased as such, owing to political upheavals which still work economic havoc. Countries in central and western Europe also suffered heavily.

However, with the exception of a very few countries, the condition is steadily recovering, and it is to be hoped that before long normal activity will be restored, along with a complete economic reconstruction. Another factor to consider is the sudden expansion of tonnage under the American flag created by war requirements. The

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United States owned on the outbreak of War 17,178,000 tons, but by 1919 this had been increased to 33,526,000 tons. Of the new tonnage 3,579,000 tons were requisitioned by the Government, leaving a balance of 29,947,000 tons, or 12,769,000 tons more than the world's total tonnage at the end of 1913. The ships of the enemy nations, now in the hands of the Allies, amounted to 7,800,000 tons, and the neutrals had increased their tonnage by 3,000,000 tons. The consequence was obvious; the tonnage famine was very far in excess of requirements for the carriage of goods. General construction was the order of the day in the shipping markets, and such a state still continues—in a slightly aggravated form lately, with no immediate prospect of recovery in the near future.

So, too, we must point to the increase in the tonnage of the vessels of the shipping division since 1919, and I would only briefly give various facts which demonstrate how the situation stands.

The heavy decline in the world's rate of freight since 1920 will indicate the intensity of the demoralization in the shipping trade. On the authority of the Secretaries of the Trade Union and of the Shipping Board we extract the following index numbers of ocean freight rates:

1920	100.
1921	26.9
1922	24.81
January, 1923	25.05
April, "	26.
July, "	24.0
October, "	22.9
January, 1924	19.5
April, "	19.1

As for the world's cargo power, the latest trade returns are not available, but we may refer to the British Government statistics, up to 1923, from which the world's cargo power can be seen as follows:

1913	32,174,000 tons
1921	34,174,000 "
1923	36,000,000 "

shows that the volume of trade increased by only 3% within twelve years after 1913.

On the other hand, the increase in the world's tonnage since the outbreak of the Great War is remarkable. The following summary of statistics of the world's tonnage (on the authority of Lloyd's Register of Shipping) will be convincing as to its abnormal increase:

1914	57,420,000 tons gross
1920	33,905,000 " "
1923	65,100,000 " "
1924	68,300,000 " "
June 30,	
1925	69,694,000 " "

It will be seen that within eleven years the total tonnage of the world's shipping increased by over 20% against an almost insignificantly small increase in the movement of cargo, and it is no wonder that the inflated tonnage can lead to reasonable employment, the rates of freight being kept down at a very low level, usually unremunerative

United States owned, on the outbreak of the Great War in 1914, 1,113 vessels of 2,027,000 gross tons, but by 1920 her merchant marine had grown to 3,573 vessels of 12,406,000 gross tons. The result of the abrupt appearance of such a huge surplus tonnage in the world's market may be well imagined. The ships of the other maritime powers also entered the arena in search of employment. The consequence was obvious; the tonnage thus offered was very far in excess of requirements for the carriage of goods. General consternation was the order of the day in the shipping market, and such a state still continues—in a sadly aggravated form lately, with but little indication of recovery in the near future.

Space will not permit me to go into details of the vicissitudes of the shipping depression since 1920, and I would only briefly give various facts which demonstrate how the situation stands.

The heavy decline in the world's rates of freight since 1920 will indicate the intensity of the demoralization in the shipping trade. On the authority of the returns of the British Chamber of Shipping, I give below an extract of the index numbers of ruling freight rates:

1920.	100.
1927.	26.9
1928	24.51
January, 1929 . . .	28.05
April, „ . . .	26.
July, „ . . .	24.6
October, „ . . .	22.9
January, 1930 . . .	19.6
April, „ . . .	19.4

As for the world's cargo movement, the latest reliable figures are not available, but, according to the German Government statistics, up to 1925 inclusive, the vicissitudes of the world's cargo movement are given as follows:

1913 . . .	3,244,000,000 tons
1924 . . .	3,464,000,000 „
1925 . . .	3,386,000,000 „

showing that the volume of trade increased by only 5% within twelve years after 1913.

On the other hand, the increase in the world's tonnage since the outbreak of the Great War is remarkable. The following summary of statistics of the world's tonnage (on the authority of Lloyd's Register of Shipping) will be convincing as to its abnormal increase:

1914 . .	45,404,000 tons gross
1920 . .	53,905,000 „ „
1928 . .	65,160,000 „ „
1929 . .	66,407,000 „ „
June 30, 1930. .	68,024,000 „ „

It will be seen that within sixteen years, the total tonnage of the world's shipping increased by over 50% against an almost insignificantly small increase in the movement of cargo, and it is no wonder that the inflated tonnage can find no reasonable employment, the rates of freight being kept down at a very low level, usually unremunerative

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to shipowners. The consequence is that a large number of ships are idle, and it is estimated that millions of gross tons of shipping are totally unoccupied. These will be put into comission as soon as the market improvesm to such a mean point as to enable them to be worked at smaller loss than entailed by their being laid up. This wou'd further disturb the already distressed freight market. The improvements, which are being applied to new ships in machinery, speed, and facilities for loading and unloading cargo, are so great, that their actual efficiency is far more mighty than the increase in tonnage would indicate.

A considerable portion of these vessels, it must be admitted, is for the consolidation of the fleets of liner companies—the N.Y.K. being no exception —and, further, it must be taken into consideration that they include special types of vessels, such as tankers. These particular classes of vessels, some of which are said to be built to relieve unemployment, are not likely to disturb the general freight market. The increase of improved cargo-carriers, notably motor ships, with no reasonable prospect of increase in the movement of cargo, puts obsolete ships on the shelf.

As will be seen by the index numbers of freight rates quoted above, although the rates were maintained, low as they were, somewhat steadily up to the spring of last year, a sudden demoralization of a very serious nature became general commencing with the latter part of last year. It is deeply regrettable that the situation is becoming worse and worse, with no immediate prospect sign of amelioration.

One of the principal causes of the present extraordinary upheaval is the disorganization of the world's grain trade of last season, which, under normal conditions, is estimated to occupy about 30% of the world's cargo movement. Inasmuch as the European farmers harvested bumper crops, customary shipments of grain from the principal producing countries heavily diminished, to the serious suffering of shipping interests. The crops of this year remain to be seen, and it is earnestly hoped that they will turn out as normal.

The world-wide severe depression of trade is another condition. Discouraging reports continue to come from the leading commercial and industrial centres.

Again, the tariff walls being built higher and higher in each country form a serious impediment to trade, and, therefore, to the movement of cargo.

The latest intelligence from Great Britain is decidedly dismal. One report says that the Royal Mail Steam Packet Company, a £25,000,000 concern, which controls 2,670,000 tons of shipping, including the famous White Star

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to observe. The coasting trade is that in which the Italian seaman is at home, and it is estimated that a large proportion of all the tonnage employed in it is owned by individuals or companies who have no other interest in navigation. Those who have to do with the Italian seaman will be prepared to hear that he is very much addicted to drink, and that his wages are largely spent in this way. This vice is also a drawback to the efficiency of the Italian navy, which is largely manned by men drawn from the mercantile marine. Many of the officers of the latter are also naval officers, and are liable to be called out for service in the navy at any time. Besides this, the Italian navy is largely manned by fishermen, who are also liable to be called out for service in the navy at any time.

The Italian fishing trade is very large, and employs a great number of men and boats. The principal fishing grounds are the Adriatic, the Tyrrhenian Sea, and the coasts of Sicily and Sardinia. The fishermen are a hardy race, and are much addicted to drink. They are also very superstitious, and believe in the power of the evil eye. They are also very fond of music, and have a great love of dancing. They are also very fond of gambling, and will play for money or anything else that they have. They are also very fond of fighting, and will fight for the slightest provocation. They are also very fond of women, and will do anything to get them. They are also very fond of children, and will do anything to protect them. They are also very fond of animals, and will do anything to protect them. They are also very fond of nature, and will do anything to protect it. They are also very fond of peace, and will do anything to maintain it. They are also very fond of war, and will do anything to win it. They are also very fond of life, and will do anything to preserve it. They are also very fond of death, and will do anything to avoid it. They are also very fond of God, and will do anything to please Him. They are also very fond of the devil, and will do anything to displease Him. They are also very fond of themselves, and will do anything to please themselves. They are also very fond of others, and will do anything to please others. They are also very fond of everything, and will do anything to please everything. They are also very fond of nothing, and will do anything to please nothing. They are also very fond of all things, and will do anything to please all things. They are also very fond of no things, and will do anything to please no things. They are also very fond of some things, and will do anything to please some things. They are also very fond of many things, and will do anything to please many things. They are also very fond of few things, and will do anything to please few things. They are also very fond of one thing, and will do anything to please one thing. They are also very fond of two things, and will do anything to please two things. They are also very fond of three things, and will do anything to please three things. They are also very fond of four things, and will do anything to please four things. They are also very fond of five things, and will do anything to please five things. They are also very fond of six things, and will do anything to please six things. They are also very fond of seven things, and will do anything to please seven things. They are also very fond of eight things, and will do anything to please eight things. They are also very fond of nine things, and will do anything to please nine things. They are also very fond of ten things, and will do anything to please ten things.

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Line, announced its inability to pay the dividend due on its preference stock. Another says that Lamport and Holt, an £8,000,000 shipping company, are in difficulties, resulting in the appointment of a receiver.

Japan, as already stated above, is no exception to the rest of the world's maritime nations, in undergoing the hardship of the unheard-of shipping depression. Ship after ship is being laid up, and we hear much talk of many vessels going to be scrapped. Misfortunes never come single. In consequence of their inability to win in the competition in the arena of the world's carrying trade, a large number of Japanese vessels are swarming in the coasting trade in the near seas, with the consequence that the coasting rates are being smashed. As a practical illustration of the situation, I give below the course of the freight rate on coal per ton between Wakamatsu and Yokohama, which is acknowledged as the standard of the coasting reight in Japan:

June, 1920	¥3.00
December, 1920	2.60
June, 1921	2.00
December, 1921	2.30
June, 1922	2.05
December, 1922	1.65
June, 1923	2.50
December, 1923	3.00
June, 1924	2.20
December, 1924	1.35
June, 1925	1.60
December, 1925	1.60
June, 1926	1.50
December, 1926	.90
June, 1927	1.95
December, 1927	.65
June, 1928	1.65
December, 1928	1.05
June, 1929	1.50
December, 1929	.70
June, 1930	1.00
August, 1930	.75

Shipping concerns in Japan are making strenuous efforts to re-adjust theirl affairs. Let us hope that they may all pull through to a successful maintenance of trade. (August, 1930)

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Viscount Saito,
Governor-General of Chosen

Count Kodama.
Administrative Superintendent of Chosen

A bird-eye view of Keijo (Seoul)

UNIV. OF MICH.

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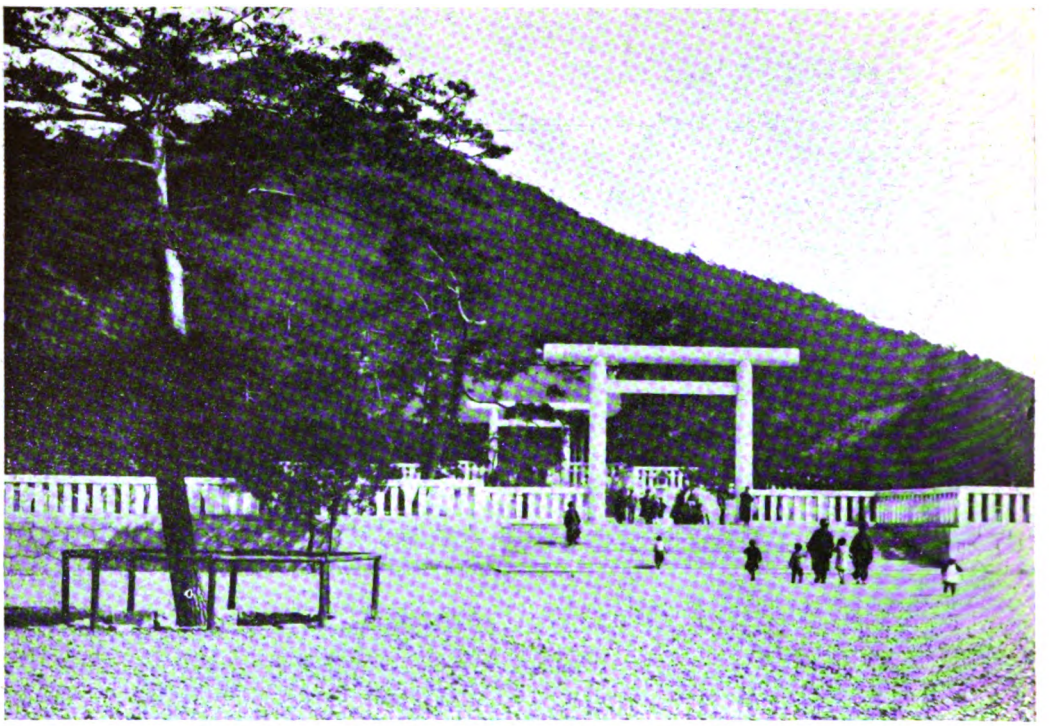
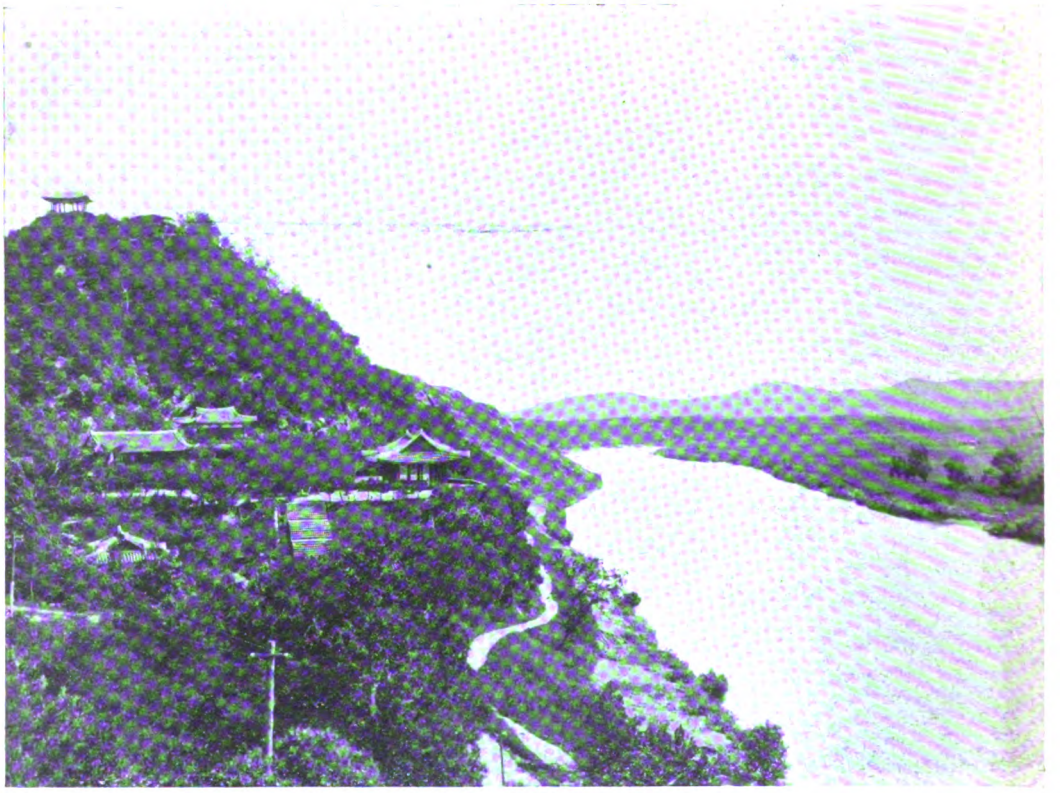


Chosen Shrine, Keijo.



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Government-General Offices

THE REAL KOREA

Physiography

Korea, or Chosen, a part of the Japanese Empire, is a peninsula, lying between the parallels of 33°06′ and 43° north and 124° 11′and 130° 56′ east, and having an area of 14,311 square *ri*.

Being sea-girt, Korea has a long coast line of 2,213 *ri*. The east coast is only slightly indented and has, therefore, few good harbours except Gensan and Seishin. The south and west coasts are, on the contrary, deeply indented, containing many good harbours such as Fusan, Mokpo, Kunsan, Jinsen, Chinnampo.

The country is very mountainous. From the ever-White Mountains on the Manchurian border a lofty range runs southward, separating the northern provinces of Heian and Kankyo, and then taking a south-easterly course along sea-coast, loses itself near the sounthern extremity of the country, forming the backbone of the peninsula. This spinal deviation from the central line makes the eastern side steep and rockbound and devoid of plains or good rivers, but the opposite side slopes more gently and often merges into open, fertile valleys traversed by such large rivers as the Daido, Kan, Kin, Rankuto. This makes the country cultivated and populated mostly on the wastern side. The south is pretty flat and agricultural, and the north hilly and rich in minerals and timber, holding more industrial

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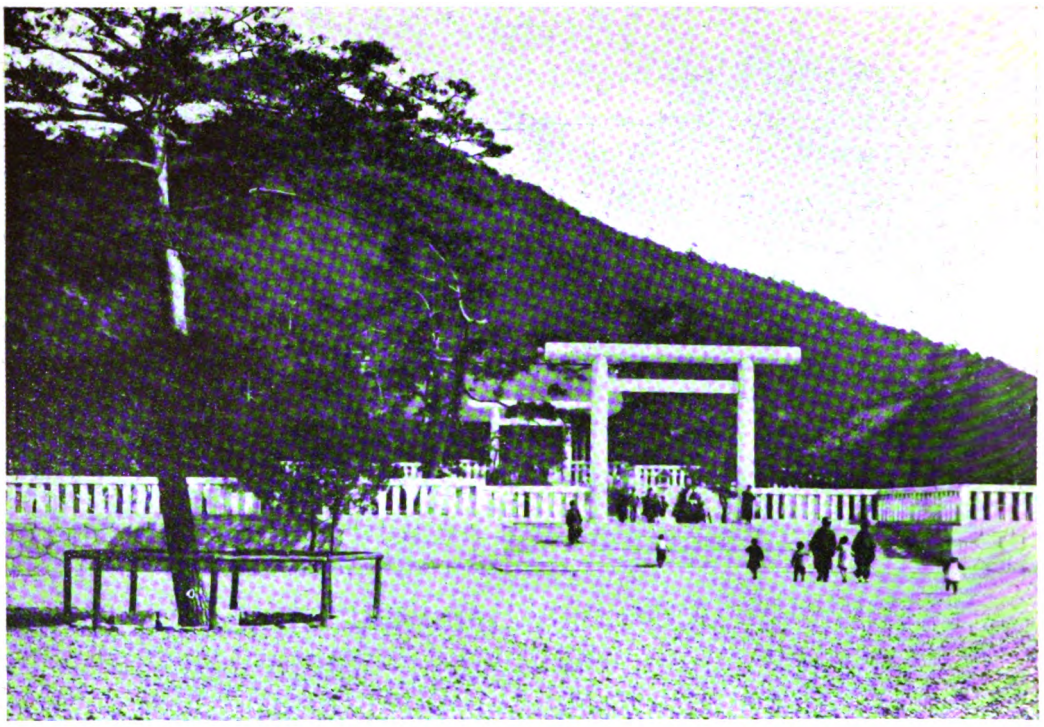
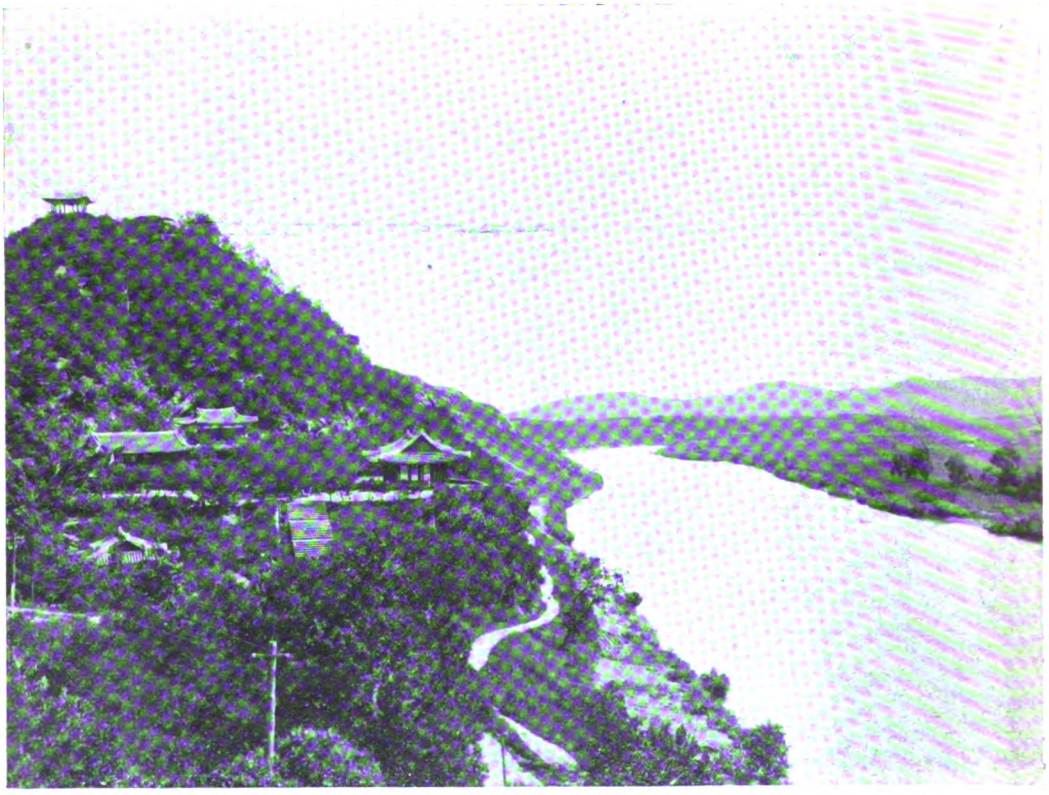


Chosen Shrine, Keijo.



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possibilities.

The climate is continental. Cold and heat waves run to extremes. Spring and autumn are very short. The cold is very severe in the north, but in the south the climate is mild. Throughout the year the mean temperature is about 13° in the south, about 11° in the centre around Keijo and about 4° near the northern frontier.

The rainfall is rather small in the country, except in a few eastern localities, and evaporation is even in excess of rainfall, the air being dry and the hours of sunshine many.

Population

The population of Korea amounted to 9,781,000, according to a census taken when the protectorate régime was established in 1906. But along with the improvement of economic and sanitary conditions in the country the population has cousiderably increased of late ; and the latest investigation at the end of 1927 puts the total at 19,130,000, of which 18,630,000 were Koreans, 455,000 Japanese and 51,000 foreigners, of whom 90 per cent were Chinese. This total gained 10 per cent over 1920 and 40 per cent. over 1910. For the past five years the birth-rate exceeded the death-rate by 15 per thousand, giving a natural increase of some 200,-000 a year.

Principal Cities and Places of Interest

The princial cities of Korea are Keijo, or Seoul, Jinsen, or Chemulpo, Kaijo, or Song-do, Fusan, Masan, Taikyu, Keishu, Talden, Kunsan, Mokpo, Heijo, Chinnamp, Shingishu, Gensan, Seishin, and Kainei. Keijo is the seat of the Govrnment-General. It has been the capital of the country for five centuries. Under the new régime the city has been greatly modernized and during recent years has made tremendous municipal development, and with its facilities for modern life, it stands comparison with any of the large cities in the Orient. It has the population of 315,000, of which the Japanese number 78,000.

Kongo-san

Kongo-san, or Diamond Mountain is situated in the province of Kogen near the east coast. It is part of the great mountain range forming the bockbone of the peninsula. It is a very beautiful mountain with an endless variety of scenic features. Being about 50 miles in circumference, it consists of a large cluster of countless rocky peaks numbering twelve thousand, each of which is very rugged and fantastic in form, towaring boldly into the sky. There are crystal waters in the mountain, imparting infinite charm to its scenery.

There are two ways to the mountain. One is from Tetsugen on the Kei-Gen Line to Choan-ji, and the other from Gensan on the same line by land or water via Chanzen to Onseiri.

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South Gate Street, Keijo

It is best to visit the mountain in mid-autumn, when the weather is ideal for outings in the country and the mountain is entirely agleam with the gorgeous tints of autumn foliage.

Chief Rivers

The chief rivers of the country are the Tomon-ko or Tumen, the Oryoku-ko, or Yalu, the Kanko, the Rakuto-ko, the Kinko and the Daido-ko. The longest of these rivers is the Yalu River, one-half of which is navigable by junks for a distance of 30 miles up from the Yellow Sea, into which it flows, by vessels of 1,000 tons at high tide. The other rivers range from 250 miles to 300 miles in length.

History of Japanese Régime

Korea is one of the oldest countries in the Orient, from which Japan once learned many arts and crafts in her ancient days. Yet until sixty years ago they were not in a condition to improve their tradional intercourse. On the restoration of the Imperial régime in 1868, Japan frequently sent envoys to Korea to keep up friendly relations with her, and a treaty was concluded with her in 1876. Japan did every thing in her power to safeguard Korea from foreign aggression, and came into collision with China, which started a war between the two countries. Japan was victorious in it, and Korean independence was fully recognized by China. Later, the Russian policy grew much aggressive in the East, and as it was bent on absorbing Korea, Japan,

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feeling a great menace to her own safety, demanded Russian evacuation of Manchuria, but as the Russians refused it, she was compelled to fight the mighty bear in 1904. In this war, too, Japan was victorious, and as a result of it, Japan made Korea a protectorate as the best way to save her. Even this policy did not work well in spite of good intention and efforts; and nothing remained for the best and permanent interests of Korea but her amalgamation with Japan; and so, Korea was annexed in 1910.

With annexation the Government-General of Korea was inaugurated. Many reforms were introduced and carried on energetically along with it all lines of human activity, and brought many abvantages of modern civilized life to the Korean people.

Government Organization

The Korean Government-Gensrsl offices are made up of the Governor-General's secretariate, the Home Affairs Bureau, the Financial Bureau, the Industrial Bureau, the Judicial Bureau, the Educational Bureau, the Police Bureau, the Forestry Department, the Central Council, the Provincial Government, the Police Training Institute, the Communications Bureau, the Marine Court, the Monopoly Bureau, the Railway Bureau, the Customs, the Law Courts, the Prisons, the Public Depositories, the Forestry Stations, the Government-General Hospital, the Saisei-in Asylum, Eiko Reformatory, Model Farm, Central Laboratory, the Cattle Desease Serum Laboratory, the Fisheries Experimental Station, the Forestry Experimental Station, the Civil Fngineering Council, the Tariff Inquiry Committee, the Forestland Investigation Committee, the Government Library, the Keijo Imperial University and the Government Schools and Colleges.

Finance and Economy

One of the cardinal causes bringing Korea to the brink of ruin was her financial disorder. For many years finance was in a most awkward predicament. As a result of the Japanese-Korean agreement concluded in 1904, Baron Megata was appointed financial advisor to Korea. He applied himself to the task of restoring to order the confused condition of the finance, and introduced many important reforms regarding currency, banking, budget compiling, taxation, monopoly, etc., by which the financial condition was much improved and the country rescued from bankruptcy. For this, Japan made advances of about 13,000,000 yen without interest and for an indefinite period.

On the establishment of the present régime, great economy was exercised by improving various administrative affairs, while the budget was increased to provide for new enterprises most necessary for the development of the

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Korean ladies playing in swinging

country. As the sources of revenue did not rise in proportion, public loans had to be resorted to economically develop the country, and a subsidy got from the home Treasury.

Since 1923, the Government-General practised economy and effected fiuancial re-adjustment on a large scale, discharging a large number of Government officials and shelving various projected enterprises. For 1925 the Budget amounted to 178 million yen, a decrease of 7 million yen from that for 1924. In recent years the Budget has expanded greatly again owing to the institution of vaaious cultural enterprises. For the fiscal year 1929-1930 the ordinary revenue was estimated at 179,844,009 yen and the extraordinary revenue at 42,830,012 yen, making a total of 222,674,042 yen, and the ordinary expenditure at 161,873,281 yen and the extraordinary expenditure at 60,800,761 yen, making a total of 222,674,042 yen.

Taxation

The principal taxes in Korea were the land and bousehold taxes, which supplied the bulk of the national revenue, Since annexation, different new taxes have been introduced. At present, there are the land, urban land, income, exchanges liquor, tobacco cultivation, sugar consumption, business, unearned increment, mining and Bank of Chosen note remission of taxes, of which amounted in total to 33, 248, 834 yen for the fiscal year 1927-1928, of

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which the land tax amounted to abuot 15,000,000 yen and the liquor tax to abut 11,000,000 yen. Besides, there were receipts of about 900,000 yen from *Yoktun*, or leased state land.

Customs Tariff

At the time of annexation the Government announced no changes in the existing import tariff for the next ten years. Early in 1912, however, the goods for export to Japan and other countries were exempted from duty with the exception of certain eight items, while certain articles requisite for the iron industry were placed on the free list.

In August, 1920, as the grace of ten years promised to foreign countries expired, a new tariff system was put in operation, modelled on the Japanese tariff, and although it was the intention of the Government to annul the tariff between Japan and Korea for the promotion of their common economic interests, it was difficult to do so at once on the Korean side since the duty on Japanese goods to Korea formed an important source of revenue, and it was retained until April, 1923 when it was abolished, except on liquors and textiles. For the fiscal year 1928-1929 the Customs tariff revenue amounted to 10,420,333 yen.

Ginseng Monopoly

Ginseng, as a medical herb, is a very important product of Korea, being regarded in the Orient as a wonderful cure fore diseases. It is monopolized by the Government under the Ginseng Monopoly Law enacted in July, 1908. About this time the plants suffered greatly from noxious insects and after annexation the Government introduced different improved methods in its cultivation and provided funds at low interest. In October, 1920, a new monopoly law was put in force. For the fiscal year 1928-1929 the raw root crop amounted to 197,645 kin, and prepared ginseng crop to 50, 901 *kin.*

Tobacco Monopoly

Tobacco is an important source of revenue, and in July, 1921 the Tobacco Monopoly Law was put in operation. There are foun Monopoly factories in Keijo, Heijo Taikyu and Zenshu, employing about 3,000 hands. All tobaccos made are sold to a wholsale company in Keijo through which they are distributed to licensed retail dealers numbering 65,000 throughout the country. The monopoly receipts for the fiscal year 1928-1929 totalled 32,-318,837 yen, of which 32,126,933 yen was from monopoly cigarettes and cut-tobaccos, 110,110 yen from Japanese cut-tobacco and cigarettes and 80,-794 yen from foreign tobaccos.

Salt Manufacture

Salt is not monopolized, but bay-salt making is under its direct control. The productisn of salt in the country is on the increase year by year, although the basins are not yet ripe enough to yield

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A Korean girl in a full dress

their maximum capacity. The total area of salterns has been yearly extended. In the fiscal year 1920-1921 the Government started enlarging the existing salterns by 2,600 *chobu* in nine consecutive years. At the end of the fiscal year 1928-1929 the total area of salterns stood at 2,446 *chobu*, producing for the year 253,756,000 *kin*.

National Debt

In 1905 the Korean Government first floated a public loan for 2,000,000 yen from Japan, using the proceeds for balancing the deficit in the Budget. From this time on, loans were successively raised to obtain funds for various enterprises, and the total of these loans reached 45,590,000 yen at the time of the annexation in 1910. At present the outstanding debts of the country stand at 325,966,000 yen, as the annual revenue was still inadequate to meet the expenditure on various new undertakings, making it unavoidable to have recourse to public loans.

Banking

Modern banking was first inroduced in Korea in 1878 when the lst Bank of

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Tokyo established a branch office at Fusan. After the Japan-China war, two native banks came into existence. In 1902 the lst Bank was authorized to issue bank notes for circulation within Korea, and later was entrusted with the handling of State money and the adjustment of the currency. In 1906, to promote economic development in the interior, agricultural and industrial banks were formed under special Government protection. In 1907, credit associations were organized in different places as auxiliary monetary organs for the purpose of acommodating small farmers with funds on easy terms, getting from the Government permanent funds and subsidies. At present, the associations number 575 with a membership of about 500,000 and an aggregate capital of over 7,000,000 yen subscribed, of which about 3,500,000 yen was officially granted.

In 1906, the Oriental Development Company was established under arrangements between the Japanese and Korean Governments, aiming to encourage exploitation of the country's natural resources, Having a capital of 50,000,000 yen and being empowered to issue debentures to an extent ten times the paid up capital, the company has been engaged in many productive enterprises, and has rendered useful service in the transformation and improvement of Korean agriculture.

In 1909 the Bank of Chosen was founde as the central bank of the country, taking over the work of the lst Bank hitherto conducted in that capacity. The bank has extensive fields of activity, not confined to the peninsula but stretched over to China and Manchuria. in the latter of which its notes are in free circulation. It has its office in New York to facilitate exchange operation. The steady expansion of its business rendered it necessary to increase its capital to 80,000,000 yen in 1920, but owing to the subsequent business depression, it suffered severe losses which compelled it to reduce its capital by one-half in 1925, or to the present amount of 40,000,000 yen. In September, 1929 its note issues amounted to 90,469,000 yen.

Another big bank in Korea is the Industrial Bank of Korea, established in October, 1918 with a capital of 10,-000,000 yen under special Government protection. Having its head offiee in Seoul and about 60 branch offices in the chief places of Korea, it does the functions of the agricultural and industrial banks, which were combined into this bank.

The banking organs have thus made systematic development, aiding in the economic and financial activities of the country.

Currency

In Korea, the silver standard was adopted in 1894, and then in 1905, upon financial reforms started under

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the direction of the Japanese financial adviser, the gold standard was put into effect. After annexation the Goyernment decided to make the Korean currency system indentical with that of Japan, and the Japanese coinage system was enforced in full in the country. At present the currency of Korea is practically the same as that of Japan, the only difference being that the Bank of Chosen notes circulate instead of Bank of Japan notes.

Trade

Korea has a favourable commercial position, and surrounded by Japan, Manchuria, Siberia and China, it can push trade with advantage in any direction it pleases, when once it is developed enough to do so. Prior to annexation, its trade amounted only to 50,000,000 yen a year, but after that it steadily increased along with the development of traffic services and banking facilities. The import trade has made constant increase, although not at so rapid a rate as the export. On the whole, the exports consist of raw materials and the imports of manufactured articles. In 1911, the year following annexation, the total amount of trade stood at 72,000,000 yen, of which the export trade was 18,000,000 yen and the import trade 54,000,000 yen, but in 1919 the total volume reached 505,000,000 yen, of which 221,940,000 yen was in exports and 283,080,000 yen in imports, being 12 and 5 times the figures respectively for 1911. In 1928 it amounted to 780 968,000 yen, of which the exports were 365,978,000 yen and the imports 413,990,000 yen. The trade af Korea covers a wide sphere of activity, embracing the principal countries of the world. Japan, having by far the largest interests in the country, heads the list with 91 per cent. of the exports and 71 per cent. of the imports, making 80 per cent. of the total. Except, Japan, China leads the list for exports and China, the United States, the Dutch-Indies, England, Germany, British-India, French Indo-China and Siam come in the order named for imports. In 1928 and 1929 (to Sept. 30 th), the exports and imports may be mentioned according to country as follows:—

(In Thousands of Yen)

EXPORTS:

Year	Japan	China	Asiatic-Russia	Other Countries	Total
1928	333,829	31,421	46	682	365,968
1929 (toSept. 30th)	203,709	26,047	34	841	230,631

IMPORTS:

Destination	1928	1929 (to Sept. 30th)
Japan	295,839	234,426
China	81,086	59,463
British-India	3,947	3,524
Dutch-Indies	7,398	5,231
French Indo-China	3,884	3,040
Asiatic-Russia	858	819
Siam	1,522	361
England	5,151	2,799
Germany	3,584	1,793

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United States	8,313	7,438
Other countries	2,408	1,977
Total	413,990	320,859

Chief Exports and Imports for 1928 and 1929

(In Thousands of Yen)

EXPORTS:

Article	1928	1929 (to Sept. 30th)
Rice	183,730	91,313
Soya beans	23,384	1J,781
Raw, dried and salted fishes	13,366	9,503
Nori (Dried Laver)	2,597	4,013
Sugar	5,707	4,282
Ginseng	1,719	1,899
Coal	2,707	1,334
Ginned cotton	6,140	5,021
Cocoons	3,869	3,339
Raw silk	16,250	13,925
Tussah silk	12,549	6,869
Gold ore	1,891	1,543
Iron ore	1,545	1,263
Hides	3,285	2,173
Pulp	414	399
Black lead	1,156	927
Iron and steel	7,659	3,954
Fish oil	4,516	2,936
Live oxen	4,840	3,070
Seaweed, etc.	1,506	1,162
Fertilizers	7,228	7,527
Lumber	4,852	3,378

IMPORTS:

Article	1928	1929 (to Sept. 30th)
Rice	9,714	11,237
Millet	25,488	18,400
Soja beans	3,329	2,296
Wheat flour	6,873	5,375
Sugar	8,701	7,170
Beer	2,417	2,367
Salt	2,133	1,146
Jeans and other twills	6 925	2,805
Chinese hemp cloths	5,780	5,427
Woollen fabrics	5,651	4,555
Silk fabrics	13,380	9,295
Fishing nets	1,987	2,013
Rubber shoes and boots	5,594	2,807
Paper	8,124	5,693
Coal	10,380	7,136
Tobaccos	4,388	2,125
Kerosene oil	4,284	4,337
Matches	1,895	1,232
Ginned cotton	6,508	4,745
Cotton yarns	7,166	5,141
Grey Shirtings and sheetings	15,101	7,452
White shirting and sheetings	7,345	3,938
Imitation Canteens	1,913	1,521
Portland cement	4,091	2,580
Earthen and porcelain wares	2,912	2,045
Bar, rod and plate iron	5,746	5,154
Galv. iron sheets	3,217	2,530
Rly. building steel materials	2,509	3,643
Machinery	16,005	11,134
Lumber	10,852	7,131
Fertilizers	19,482	23,427

Production and Industry

Agriculture. — Korea is a country where 80 per cent. of the population are engaged in agricultural pursuits. Although a mountainous country like Japan with few large plains, yet there is enough arable land, and the soil is pretty fertile. Since annexation, the utmost efforts have been put forth by the Government for the modernization of the Korean agricultural system. One of the initial measures taken for the purpose was the establishment of Model Farms, where experts have been

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conducting scientific experiments in farming, sericulture, horticulture and stock-farming, making the results the basis of the Government production policy, and guiding individual farmers and planters in the conduct of business.

There are Agricultural Associations established in all towns and districts under the law issued in March, 1926, According to the latest returns, the total area of arable land in the country extends over 4,600,000 *chobu*, which are 20 per cent. of the entire area of the country, paddy-fields occupying one-third and dry fields the rest.

Formerly, Korea had scarcely any system of irrigation, but since the Japanese entry into the Korean agricultural field, irrigation systems have been initiated in various places on a large scale, thanks to which many a tract of idle land has been brought under cultivation. Since 1917, regulations for irrigation associations have been in force for the better conduct of irrigation, drainage, reclamation of waste land, etc., providing for subsidies for landimproving enterprises. The number of associations has been on the increase.

The Government authorities have been also busy encouraging the increased production of rice and other cereals to export the products to Japan, where over-population has shortened the domestic supply of provisions. This official encouragement together with improvements in the methods of cultivation and fertilization has multiplied the exports of Korean rice of late.

The Korean Government had a plan to improve some 400,000 *chobu* of undeveloped lands at a cost of 120,000,000 yen, seeing plenty of room left for rice cultivation, in six years, one-fourth of the estimated total lands was improved. Then the programme was revised to improve 350,000 *chobu* of lands consecutively in 12 years from 1926 at a cost of 350,000,000 yen. When this is fully executed, the country's total yield of rice will increase 10,000,000 *koku*, of which one-half may be exported, solving the food-supply question in Japan and much enriching the economic life of Korea.

Agricultural Production.—Of all agricultural products in Korea, rice comes first. At the end of 1928 the planted area of rice amounted to 1,517,755 *chobu*, yielding a crop of 13,511,725 " *koku*, of which 6,770,000 *koku* were exported. Soja beans rank next to rice in importance an export article. For 1928 the exports reached 1,407,000 *koku*. Barley, wheat and rye are cultivated everywhere in the country. The crops have been increased yearly under the official encouragement. For 1928 the planted area was 844,606 *chobu* for barley, 365,491 *chobu* for wheat and 56,995 *chobu* for rye, yielding 6,572,276 *koku* of barley, 1,783 266 *koku* of wheat and 391,581 *koku* of rye. Wheat is an important export product

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next in rank to rice and soja beans. At the same time the domestic demand has increased for it of late along with the enhancement of the standard of living. Cotton has been cultivated in the country from very early times, but until quite recently the production was barely sufficient to cover the domestic needs. It was through official efforts that real progress was witnessed in this important branch of agriculture. In 1906 American cotton began to be cultivated tentatively, and the results having been successful and its superiority to the native species having been demonstrated, its cultivation increased. In 1928 the native cotton plantations amounted to 67,714 *chobu* and the foreign cotton plantations to 137,663 *chobu*, making a total of 205,377 *chobu*. The yield was 49,095,978 *kin* for native cotton and 121,771,181 *kin* for foreign cotton, making a total of 170,867,159 *kin*. Since 1906, beet-sugar has been under cultivation in the country, and it has been successful. In 1928 the total plantations reached about 600 *chobu*. Fruit-growing in Korea is thought to have a bright future, owing to the specially favourable climatic conditions of the land.

Sericulture.—Sericulture in Korea is a family industry, carried on as a side-line for the most part. The native climate and soil are highly favourable for silk-raising. Much progress has been made in this line, thanks to as the Government authorities have employed every appropriate means to improve the cocoons and to increase their yield to 1,000,000 *koku* in 15 years from 1925. In fact, the yield has been more increased than has been hoped, and may reach the abovementioned amount in less than the period. In 1928 the number of silk-raisers amounted to 594,209 families, and the yield of cocoons to 386,113 *koku*, of which 286,031 "koku" was the spring crop and 100,100 *kaku* the summer and antumn crop. Reeling was formerly conducted by simple means and for home uses, but of late years modern machines have been used. There are at present 5,400 filature reeling basins in operation, producing 164,169 *kwamme* of silk, which in addition to other reeled silk makes a total of 237,000 *kwamme*, valued at 17,400,000 yen. The industry is yearly extending.

Stock-Farming.—Cattle are raised everywhere in the country, as they are indispensable to Korean farm-life, supplying the greater part of the farm labour. Korean cattle are generally of hardy constitution and gentle disposition, while their flesh is very palatable, on account of which they are demanded greatly in Japan, Manchuria and Siberia. Various means have been taken by the Government authorities to help in the development of cattle breeding, with the result that the number of cattle increased from 700,000 at the end of

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1910 to 1,570,000 at the end of 1928. In the meantime, their exports grew from 12,000 to 58,000. Contrast is the native horse, which is very small and poor, averaging less than four feet in height. The Government authorities are improving it by cross-breeding between native, Japanese and foreign horses with the object of making a variety most suitable to the Korean climate. Sheep were almost unknown in Korea, although goats were kept by some people. But in 1914 a sheep-pasturage was established, and sheep to stock it were imported from Mongolia. Since 1919, cross-breeding between Mongolian sheep and breeds of foreign origin has also been carried on there, while to encourage private enterprises a good number of sheep have been distributed among stock-farmers. Judging from the past experience, sheep-breeding in Korea seems to promise a number next to cattle. At the end of 1928 there were about 1,270,000 heads kept, of which the improved breeds were about 33 per cent. Poultry has been improved more and more by getting superior breeds from Japan. At the end of 1928 there were 6,136,000 kept in the country.

Forestry.—The forests in Korea were long left untended or abandoned. Consequently, good forests, chiefly found in remote mountainous regions, now occupy only one-third of the total area of foreign lands covering more than half the entire peninsula, the remaining two-thirds being thinly wooded or entirely denuded. Even those forests still standing and left to take their own course show signs of decay with increasing age, while the demand for timber for various purposes is on the increase. The Government is doing all in its power to secure their permanent conservation and cultivation, while trying to prevent the reckless deforestation long resorted to by the people. There are in the country many varieties of plants belonging to both temperate and frigid zones, due to a wide difference in climate and soil between the north and south. The Korean flora is exceedingly rich in varieties, there being 700 of them,—a land gifted for afforestation on the widest scale. Until 1908, no system existed for the care and management of forests, when a forest law was promulgated by the Government acting in conformity with the Japanese advice. After the annexation a new law was issued. Since then, State unreserved forest lands have been leased out for the purposed of afforestation, and the existing forests were investigated as to their ownership and boundaries. In 1907 model forests were created in a few places, and recently, the denuded woodlands have been re-clothed, extensively to prevent sand-drifts and to afford a future supply of timber. Afforestation has been done not only by the state, but at local

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expense and under private management. In 1907 public nurseries or seedling plantations were started, and the number having increased yearly since then, stood at 60 by the end of 1927. Every opportunity has been seized by the Government to arouse the interest of the people in afforestation, and to cultivate in them a love for trees. All these measures have been fruitful, many mountains and hills once bald and dreary-looking having begun to present a refreshing greeness. On the other hand, scientific examination and investigation of forest plants necessary for the improvement of forestry have been carried on.

Fishery.—Girdled by water, with a coast-line of over 10,000 miles, Korea is favourably situated for the development of fishery. Especially are the waters full of life for various reasons, and the chief varieties of fish known to to-day number about 80. Since the establishment of the present regime, improvements have been introduced in the fishery, and encouragement given for the enhancement of marine production. So, the catches amounting in value to 8,000,000 yen at the time of annexation, rose to 66,000,000 yen in 1928. In the meantime the prepared aquatic products increased in value from 2,650,000 yen to 44,860,000 yen. Regulations for fishery have been put in force since 1909, and investigations made officially into different fishing questions. These efforts have been productive of good results. What has contributed much to the recent progress of the country's fishery was the increased immigration of skilled Japanese fishermen, teaching the native fishermen how to engage in deepsea fishing. There are fishermen's associations numbering 150 in 1928. They purpose promoting the fishermen' common interests, and have been successful in it under official guidance and supervision.

Mining.—Korea is rich in various kinds of minerals, but this natural wealth was untouched for a long time, at the end of which it wss touched by foreign hands. As in all other affairs, the mining administration in those days was quite in disorder, and it was only on the establishment of the protective regime, a mining law was promulgated and the mining administration became unified and consolidated. After annexation, the law was revised and enforced as at present, granting mining rights only to Japanese citizens or to corporations created under the Japanese law. At the same time, the law respected the mining rights already possessed by foreigners, making them valid and heritable by other foreign individuals or corporations having their head office in Korea. Of the country's mineral products, gold takes the lead. Nearly all kinds of useful minerals, except sulphur, petroleum and asphalt, are to be found in plenty there, and especially large is

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the production of gold, iron, anthracite and graphite. At the end of 1928 there were 2,151 mining concessions granted, of which gold and silver mines numbered 624 at the head of the list, being followed by coal mines numbering 465, gold, siver, copper, lead, zinc and other mines numbering 39 8and iron mines numbering 168, During 1928 the production of gold amounted to 1,349,448 *momme*, that of gold and silver ores to 3,522,041 *kwamme*, that of iron ore to 504,374 tons, that of pig iron to 148,652 tons, that of gold, silver, copper, lead and zinc ore to 487,975 *kwamme*, that of graphite to 37,464,498 kin, that of coal to 815,817 tons, that of copper ore to 1,060,492 *kwamme* and that of crude copper to 1,012,431 *skin*.

Commerce and Manufacture.—From olden times it has been customary among the Koreans to sell and buy at markets held periodically in various important towns, and even to-day the greater part of the internal trade is carried on in the same manner. A market is, as a rule, held every fifth or sixth day, when people come together from far and near places to get the supplies of food, clothing materials, cattle and other necessaries of life. The markets now number over 1,300 throughout the country with their annual transactions reaching more than 178,000,000 yen. Besides. there are so-called spot markets, which are held daily under strict Government control.

As to business companies, regulations were issued in 1911, subjecting all to licence by the authorities, thereby preventing the establishment of illegal or bubble corporations. But these regulations were abolished so that more freedom might be enjoyed by those starting joint stock and other companies. Many companies have since come into existence with the general growth of industry, and at the end of 1928 those having their head offices in Korea numbered 1,547 as against 152 existing at the end of 1911. Classified into the objects of these companies, 79 were agricultural, 495 commercial, 440 industrial, 27 fishery, 12 mining, 132 banking and finance, 148 trausport, 46 gas and electric and 168 other.

The Koreans being excellent artists and workers in weaving, ceramics, and metal casting, these arts once attained a high degree of development, and efforts have been put forth to revive these ancient arts, while introducing modern mechanical arts.

The manufacturing industry has made much advance, and for 1927 the total value of manufactured articles amounted to over 329,720,000 yen, being about twenty times as much as that for 1911. Korea promises to develop greatly in this industry, as she has a large supply of material and labour, and when supplied with sufficient capital and moderu factory equipment, she can hardly fail to become

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an important industrial country.

Education

Elementary and Secondary Educatino.—Before 1895 there was no modern educational system practised in Korea, and a number of elementary schools was founded only in that year through the Japanese advice. On the advent of the protectorate regime in 1906 the existing system was reformed, and then, after the annexation public education was established on modern lines in conformity with the principles in the Imperial Rescript on Education, and the number of schools increased yearly to meet the increased Korean desire for education. While the system in the country is similar to that in Japan, the difference in language and customs of the two peoples has necessitated division of the schools into two kinds for elementary instruction, one for Koreans and one for Japanese, but there is no difference in both cases inregard to the course of study, the qualification of graduates and connection with higher schools. The present elementary and secondary educations organs are made up of common schools, higher common schools, and girls' higher common schools for Korean, and for Japanese, of primary schools, middle schools and girls' high schools. For the co-education of both races there are industrial schools, normal schools and professional schools.

Industrial and Professional Education.—Industrial education in Korea is still young. Since the annexation, the authorities have been paying greater attention to this branch of Korean education.

Normal Education.—In 1922 a Government normal school was started in Keiji, before which there were no regular normal schools. Since then, several public normal schools were founded.

In 1928 the number of schools amounted to 464 primary schools with 64,963 students, 1,500 common schools with 448,661 students, 11 middle schools with 5,868 students, 15 higher common schools with 7,052 students, 23 girls' high schools with 7,709 students, 6 girls' higher common schools with 1,610 students, 17 normal schools with 1,795 students, 51 industrial schools with 11,888 students, 67 elementary industrial schools with 3,299 students, 11 professional schools with 2,256 students, 1 university preparatory school with 295 students and 1 university with 552 students. The number of kindergartens stood at 176 in 1929 with 9,985 pupils.

In 1925 a Government library was opened to the public in Keijo after long-continued efforts. The collection of books amounts to about 30,000, and the visitors average monthly 20,000.

Religion

The chief religions in Korea are Buddhism, Shintoism and Christianity.

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Buddhism entered the country as long as about 370 A. D., according to Korean tradition. It came from China. At the end of 1928 there were 31 head and 1,329 branch temples of the Buddhism of native origin with 6,800 priests and 166,000 adherents. Of the Japanese Buddhist sects, there are 19 sects propagandizing in Korea, the temples numbering 93, preaching houses 330, priests 274 and believers 255,700, of which 7,500 are Koreans.

Of Shintoism, it was introduced from Japan. There are several sects in activities in the country. In 1928 the preaching houses number 167 and the preachers 149 with 80,000 believers, of which 12,000 are Koreans.

The propagation of Christianity in Korea originated in the latter half of the 18th century, when Roman Chatholicism was introduced. In 1885 Protestantism was introduced. Subsequently, men from these and other missions arrived one after another, and to-day there are a dozen denominations of protestantism engaged in the work of evangelization. At present the places of worship number 3,911, preachers 2,-872, including 353 foreign missionnaries, and believers 286,000, of whom 5,100 are Japanese.

Sanitation

Until recently Korern sanitation was in a very backward state, and early in the protectrate period, it was reformed, establishing as a first step a modern general hospital in Seoul, which was headed by celebrated surgeon Dr. Sato of Japan. On the advent of the present regime, furrher measures were taken for improving and extending the existing system and for constructing and extending waterworks, preventing epidemics, disposing impurities and other insanitary matters. Meanwhile, regulations were made effective relating to physicians, dentists, foods, drinks, drugs, street and house cleaning, disinfection, etc. At the end of 1928 there were in rhe country 4 Government, 30 prefectural and 90 public and private hospitals, totalling 124, 786 Japanese, 806 Korean and 30 foreign medical practitioners totalling 1,622, 4,699 medical students, 338 dentists, 179 pharmacists, 1,122 midwives and 972 female nurses.

Epidemics and Endemics. — The country has never been troubled by pest invasion, in spite of its contguity to Chinese and Russian territories. Cholera, on the other hand, has long been familiar to it. In 1895 over 600,000 people are said to have perished of the plague in the frontier districts. It usually enters from abroad, especially from China. Official measures taken recently have been much effective in stamping it out without allowing it to spread so much as before. Small-pox has been held in check, too. Typhoid fever occurs yearly, and many cases are reported

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every year. Each time the preventive injection is dispensed by the authorities, and it has had wonderful virtue. In 1927 there were in the country 3,291 cases of cholera, 4,762 cases of dysentry, 627 cases of small-pox, 952 cases of eruptive typhus, 904 cases of scarlet fever, 601 cases of diphtheria and 461 cases of paratyphus. Leprosy is a form of endemic disease in Korea, and many lepers are to be met with, mostly in the south. There is a leprosarium started and maintained at the Government expense in Shoroku-to, a small island, where the inmates have been given a new injection with such encouraging results that the disease is no longer regarded as incurable.

Communications

State Railways.—The state railways in Korea extended over 1,709 miles in December, 1929. The railways in the country existing between Japan and the continent, are important means of international communication not only to China and Manchuria, but to Europe via Siberia. The Government has had a plan under execution since the fiscal yearl 1927-1928 for constructing certain five lines for 860 miles and buying and improving certain five private lines for 210 miles. The state railways consist chiefly of the Keiji-Fusan Line, the Keijo-Gishu Line, the Konan Line, the Keizen Line, the Keigen Line, the Kankyo Line, the West Heigen Line, and the Tokai Line.

Private Railways.—Private railways have made considerable progress with lines opened to the length of 496 miles operated by five commpanies in December, 1929, while there were 699 unopened lines.

Navigation.—Before the annexation there existed a few small shipping companies under Government protection, and they were then amalgamated into the Korean Mail Steamship Company. There are now ten shipping companies in Korean waters. At the end of 1928 steamers registered in Korea numbered 179 with the aggregate gross tonnage of 49,519 tons and sailers registered in it numbered 648 with the aggregate tonnage of 21,658 tons. On October lst, 1929 the lines operated numbered 126 with 276 liners and 95,952 tons, their routes being (1) Korean coasting, (2) Korea-Japan, (3) Japan or Formosa-foreign countries through Korea, (4) Korea-Japan or foreign countries, and (5) foreign countries-Korea.

Posts, Telegraphs and Telephones.—The post, telegraph and telephone services are nearly complete in the country, there being over 800 organs of communications in it. For 1929 ordinary the mail matter received amounted to 222,726,15 and delivered to 246,180,479, the parcel-post received to 2,292,763, and delivered to 3,321,-952, the Japanese telegrams sent to 5,-172,516 and received to 5,111,004, the

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foreign telegrams sent to 27,094 and received to 33,648, and other telegrams sent to 570,030 and received to 571,392. At the end of the fiscal year 1928-1929 the telephone subscribers numbered 30,274, the total number of telephone messages for the fiscal year amounting to 161,790,098.

Postal money orders and savings have made good development with the general recognition of their advantages as financial means by the Koreans. For the fiscal year 1928-1929 the domestic money orders drawn amounted to 112,591,762 yen and paid to 103,315,534 yen, and the foreign money orders drawn to 501,817 yen and paid to 431,281 yen, and the postal savings received amounted to 5,771999 yen and paid to 61,191,231 yen, the average amount per person being 10.93 yen received and 44.75 yen paid. For the same fiscal year the postal savings by the Japanese amounted to 26,481,546 yen by 584,643 depositors at the average of 45.30 yen per person, and those by the Koreans to 4.305,957 yen by 1,439,435 depositors at the average of 2.99 yen per person.

Electric and Gas Enterprises.—At the end of March, 1929 there were 88 electric enterprises in Korea, of which 68 were in actual operation. Besides, there were 16 official enterprises and 81 private ones. There were two gas enterprises.

Civil Engineering

Roads.—Upon the establishment of the present régime, a fundamental road system was established, and a road net was adopted. Since then, roads have been repaired and extended. According to the latest returns, the length of first and second class roads repaired reached 9,810 kilometres and that of third class roads repaired 7,942 kilometres.

Street Improvement.—Street improvement or construction has been extensively undertaken at the same time to facilitate traffic.

Harbour Improvement.—The larger harbours have been already improved, and at present there is work on Kunsan, Mokpo, Yuki, etc.

River Improvement.—River improvement work has been going on six large rivers, or the Mankei-ko, Sainei-ko, Kan-ko, Rakuto-ko, Ryuko-ko and Daido-ko at an estimated cost of about 50,000,000 yen, and the first period work will be completed by the fiscal year 1936-1937.

Waterworks.—In Korea no town of importance lacks, waterworks, which are under their respective towns' management.

Police

The police system in Korea is the Police Bureau in the Government-General. This bureau takes charge of police and sanitary affairs. Each provincial office has a police department and in every important town and district

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there is a police station. At the end of 1929 the police force was formed of 49 Japanese and 11 Korean police superintendents, 340 Japanese and 95 Korean police inspectors, 650 Japanese and 170 Korean assistant police inspectors and 10,296 Japanese and 7,-087 Korean poblicemen.

Justice

System.—The system is of "three instances," there being local courts, courts of appeal and supreme courts with a procurator's office attached to each. In 1927 there were 1 supreme court, 3 courts of appeal and 11 local courts with 46 branches and 169 sub-branches throughout the country.

Registration System. — After the annexation, a registration law was enacted, based on the one in Japan.

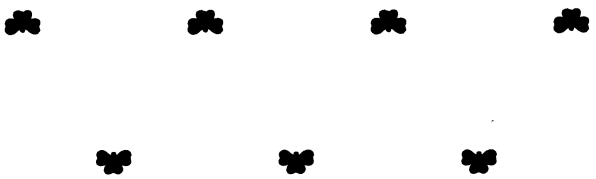
Census Registration Law.—in 1922 new regulations for census registration were promulgated.

Public Deposit System.—Deposits of money and negotiable instruments made by way of meeting obligations. giving security, etc. are taken charge of by the Pudlic Deposit Offices under the Public Deposit Law. It is located in the seat of a local court.

Prisons.—Prisons and prison business were graatly improved under the present regime. At present there are 16 prisons and 10 branch prisons. The number of prisoners has increased of late, and at the end of September, 1929 they totalled over 15,000, there being much more criminals of "dangerous thought" than before.

Local Admintstration

The System. — For administrative purposes, Korea is divided into 13 provinces, which are sub-divided into 12 *fu*, 218 *gun*, 2 islands and 2,469 *myen* (town and village) each having its head. The provincial governor, while being subordinate to the Governor-General, administers the affairs of his province, supervises all public bodies, and is authorized to issue local ordinances. There are local councils, which are advisory bodies to the provincial Governors.



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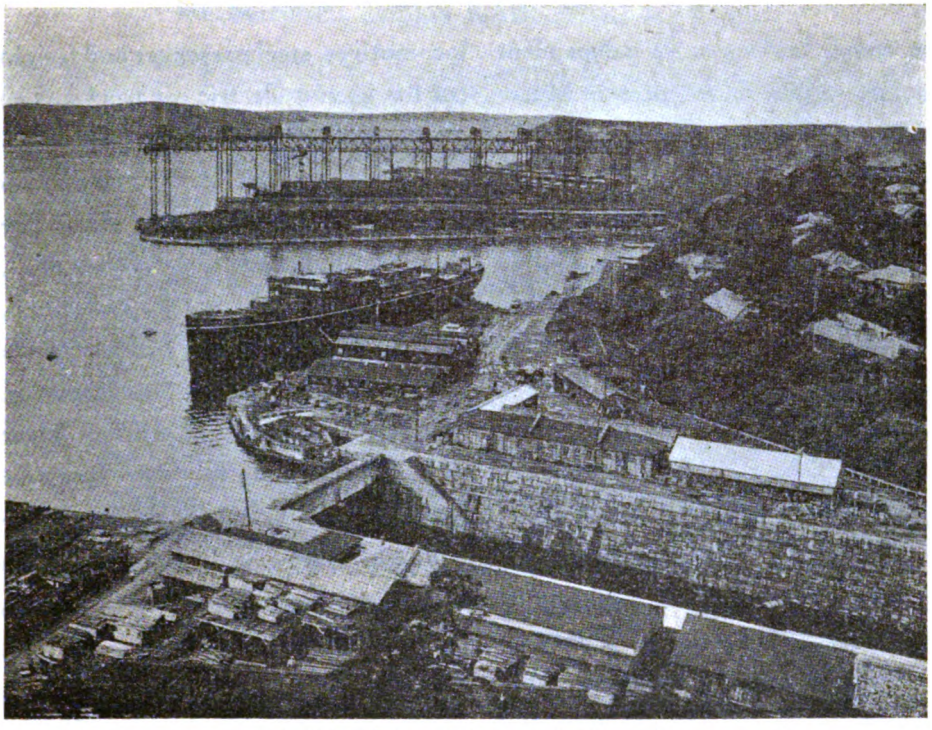

A distant view of Tategami Shipyard

MITSUBISHI ZOSEN KABU-SHIKI KAISHA

(The Mitsubishi Shipbuilding & Engineering Co., Ltd.)

OF all the business enterprises of the Mitsubishi Family, shipbuilding is the oldest and most famous. This business was started in 1884, more than forty years ago, when the Mitsubishi-sha, the predecessor of the present Mitsubishi Company, took over the Government shipbuilding business. Then in 1893 it was succeeded to by the present Mitsubishi Goshi Kaisha upon their establishment. An immense amount of trouble was taken for its management, thanks to which it grew more prosperous yearly, until it was extended greatly in 1905, when a shipbuilding yard was established in Kobe, and then in 1914 a big shipbuilding yard was set up in Hikoshima, Toyouragori, Yamaguchi-ken. Subsequently, the company's shipbuilding attained marked development concomitant with the expansion of the maritime carrying trade. Especially, since the outbreak of the World War, the shipbuilding business became very active, so, the company separated this department

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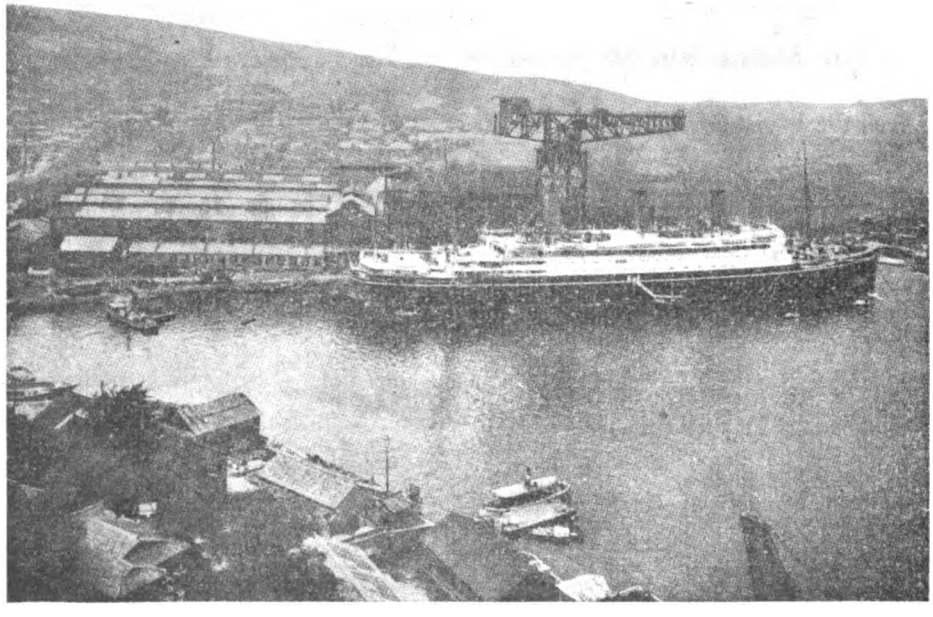
from them, making it an independent company, which is the present Mitsubishi Shipbuilding & Engineering Co., Ltd.

The Mitsubishi Shipbuilding & Engineering Co., Ltd. was established in November, 1917 with a cap ital of 50,000,000 yen, which was subscribed entirely by the Mitsubishi people without being offered to the general public.

This company builds and repairs ships and warships, and makes steam and water power station equipments, diesel engines for ships and uses on land, boilers, pumping machines, other machines, iron girders, towers and other iron works, steam and electric locomotives, steel passenger and freight car trucks and electric car trucks, steel plates and tubes, fire-proof art metal household furniture, specific compound metals, castings, cutlery, etc. The company has their head office at 2, Marunouchi Nichome, Kojimachi-ku, Tokyo, their works in Nagasaki, Kobe and Hikoshima and their agents in London, New York and Seattle. Their works are famous for their complete and extensive scale. Their first President was Baron K Iwasaki; and then he was succeeded by Admiral Takeda, and the present President is Mr. H. Hamada.

The Nagasaki Shipbuilding Yards.- These yards are the oldest in Japan.



General view of Akunoura Machinery Works

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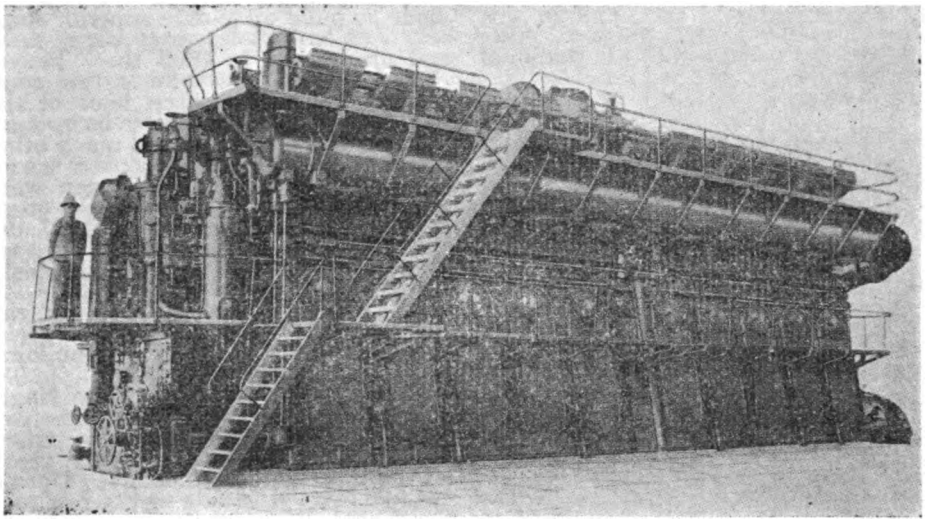

10,000 B.H.P. Mitsubishi-Sulzer Single-Acting 2-Cycle
Marins Diesel Engines

They originated in the Nagasaki Iron Works, founded in April, 1861 or towards the close of the Tokugawa regime, by Okabe Suruga-no-kami, the Governor of Nagasaki, in co operation with a certain Dutch mechanical engineer, by the order of the central Government, which felt the necessity of opening the country to foreign intercourse and foreign trade in acceptance of the demand made by the foreign ships. This works was the beginning of the Akunoura Works of the present shipbuilding yards. Two years later a steamship building yard was erected by Hattori Nagato-no-kami, the new Governor of Nagasaki, under instructions from the Central Government. This yard was the origin/ of the Tategami Works of the present shipbuilding yards. After the Meiji Restoration, the Nagasaki Iron Works was under the jurisdiction of the Engineering Department. In July, 1884 the Mitsubishisha took over the business from the Government. At first, it was loaned to the firm, but in June, 1887, it bought all its ground and buildings. The firm in order to go with the current of the times improved the equipment and trained the experts. In the same year the yard first made the S/S "Yugao-Maru," a towboat, for the Takashima Colliery. Then in 1889 it built the "Kisogawa-Maru," the "Chikugogawa-Maru" and the "Shinano-Maru". The Tategami Works was extended and equipped with a shipbuilding plant. Yet it was still scarcely worthy of the name of a shipbuilding yard. In December, 1893 the Mitsubishisha was transformed into a *goshi kaisha* (a limited liability partnership). In the year following the firm seeing

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that ships gradually increased in size with the development of international trade, lenlarged the scale of its Tategami Dockyard (No. 1 Dockyard), which was then a leading shipbuiiding yard in the Orient, making its total length 523 feet. Then No. 2 Dcckyard of 371 feet was set up at Akuno-ura. As later it was found necessary to have as bigger dockyard, No. 3 Dockyard of 728 feet and 6 inches was erected in about March, 1905. After the Japan-China War, when with the growing prosperity of the Japanese nation, the maritime carrying trade of this country was developing greatly, the Navigation and Shipbuilding Encouragement Laws were promulgaten in March, 1896. Upon this, the N Y.K. at firit inaugurated the European serviee, and then the North American and Australian services. Soon afterwards the Toyo Kisen Kaisha was established, and the San Francisco line was opened by them. The time at last arrived for building big steamers in this country. In December, 1896, this shipbuilding yard built the "Hitachi-Maru" of about 6,000 tons, marking a new epoch in the history of shipbuilding in Japsn and creating a sensation here and abroad. Subsequcntly, the Akunoura and Tategami Works were so much improved and re-equipped that they took a complete transformation as shipbvilding yards. Yet their capacities were more and more extended and efforts were made to build up-to-date superior ships and machines. In 1905 the "Tenyo-Maru," a San Francisco liner of the T.K.K., was laid down and many other big warships and merchantmen were constructed, In November, 1917 the Shipbuilding Dept. of the Mitsubishi Goshi Kaisha became independent, calling itself the Mitsubishi Shipbuilding & Engineering Co., Ltd. The Nagasaki Shipbuilding Yards were transfer red to this now company. During the Wor'd War, in the execution of rush orders for ships from Japanese marine transport circles and of Imperial Naval oaders for main warships, the chief Akunoura and Tategami Works and other depertments were greatly extended and improved. The "Asama-Maru" (16,947 tons) of the "Tatsuta-Maru" (16,-955 tons) of the N.Y.K., which were launched in October, 1928 and in April, 1929 respectively, are the latest superior boats chnstructed at the yards. Both being run on the European and American lines, have won international fame. Jurther, the "Buenos Aires-Maru" (9,658, tons) and the "Lio-de Janeiro-Maru" 9,600 tons), semi-passenger boats of the O.S.K., which were launched in 1929. were constructed entirely of Japanese made materials, and do credit to the great progress and development of Japanese shipbuilding art, astonishing European and American shipbuilding circles.

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The Kobe Shipbuilding Yards.— These yards were established in 1905. They are model works designed and constructed after the latest systems in Europe and America and adopting the merits of the leading establishments there. They also have much of their characteristic contrivances and equipments. They cover a total area of over 50,000 "tsubo," on which stand in rows sixtyseven buildings of the machine, electric machine, casting, wood type, and other shops, besides which there are two floating docks, one of which has a 7,000 ton floating capacity and the other a 12,000 ton floating capacity. There are 12,000 workmen employed daily there. Like the Nagasaki Shipbuilding Yards, they make and repair warships and merchantmen and different kinds of machines, and their yearly shipbuilding capacity amounts to 40,000 or 50,000 tons. Electric machines are only made by them, which is authority on shipbuilding, contributing much towards the electrical development of the marine transport trade and the shipbuilding world.

The Hikoshima Shipblding Yards.— These works are the newest of the yards possessed by the Mitsubishi, and were erected in 1914. They have made marked headway by their up-to-date equipments and their geographical advantage, and promise to be equally important to the abovementioned Nagasaki and Kobe works before long.

The Mitsubishi Shipbuilding & Engineering Co. Ltd. is very careful about the protection of their workmen and other employees, for which there are hospitals established in Nagasaki and Kobe. They have also a school in Nagasaki for training their workmen. It has been in existence since 1899 under the name of the Mitsubishi Kogyo Gakko.

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THE RED CROSS WITH of JAPAN

THE Fourth General Meeting of Members of the Iwate Branch Office and the Celebration of the Tenth Anniversary of the Establishment of its Hospital. — On September 25th the Iwate Branch Office of the Japan Red Cross Society held an investiture by H.I.H. Prince Kan-in Honorary President of the Society, and on the day following the Fourth General Meeting of its Members, the inspection of the Juvenile Red Cross Corps by the Imperial Prince and the celebration of the tenth anniversary of the estalishment of its Hospital.

Prince Kan-in left Tokyo on the 24th, accompanied by vice-President Mr. Sakamoto of the Society and others, and attended and addressed the above meetings in Morioka. On the 26th he visited the Iwate Stallion Depot and on the 27th inspected the local corps of exsoldiers and young men. On the 28th he came back to Tokyo.

Memorial Meeting for the Late Baron Hirayama

A Memorial meeting was held for the late Baron Hirayama, President of the Japan Red Cross Society, and of the Japan Magazine, on September 8th, the first anniversary of his demise, in the hall of the Japan Industral Club, under the auspices of the Japan Red Cross Society, the Japan Industrial Association, the Keimei-kai and several other bodies, in which the late Baron was personally interested. The meeting was opened with an address delivered by Mr. S. Sakamoto Vice-President of the Japan Red Cross Society. Then Baron Tomii, Privy Councillor, spoke on the antecedents and merits of the late Baron Hirayama, and it was followed by another memorial address by Dr. K. Ikki, Imperial Household Minister. The meeting was attended by several hundred notable persons. After the meeting, a dinner party was he'd, when reminiscences were mace of the late founder of the Red Cross in Japan. The meeting was a splended testimony to the greatness of the character and work a the late Baron Hirayama.

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CURRENT JAPANESE THOUGHT

By THE EDITOR

Japan Wants Recognition

The Tokyo *Nichi-Nichi* thinks that the world is beginning to understand Japan and things Japanese more intelligently than hitherto, which will be a great gain to the cause of peace, for nothing hampers good relations so much as international ignorance. In the light of new experience America is also revising her attitude towards Japan and is pleasantly less patronizing than usual. No nation likes to be approached as an object of pity in need of assistance. There is nothing to prevent one nation from adopting a patronizing attitude toward another. but it is not the way to cultivate friendship. The time has come, says the *Nichi-Nichi*, for America to cease patronizing Japan and for the abrogation of the clause discriminating against Japanese immigrants. Real friendship is possible between nations only when they treat each other with mutual respect; they must in every sense recognize each other's integrity and independence. Surely America must know that Japan is entitled to the same treatment as European nations in the matter of immigration. Senator Johnson, of California, has recently mentioned the possibility of revising the objectionable immigration law and putting Japan on a just quota basis. The sooner this is done the better. Japan is no longer to be regarded as 'old Japan'; she is a modern State, and has given full proof of ability to work out her own destiny. Japan's ambitions are not inconsistent with those of England, America and China; and her legitimate aspirations give her a position of special importance in the Far East.

National Sensitiveness

Sometimes it may be a bit irritating to America to hear and read so many Japanese criticisms of the ignomenious immigration regulations that discriminate against Japanese in favour of other nations. But nations, like individuals, have some sense of self-respect. It is important in a nation's moral and mental stature that a nation should have some accurate idea of itself. Japan is not hyper-sensitive; she is quite ready to profit by a study of the opinions of others in regard to her. She wants to 'see herself as other see her.' But she is justified in assuming the right to point out and take exception to the distorted or partial mirrorings of outsiders, though she is ready

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to take warning not to indulge in the same mistakes about herself. That nation is most wise which most accurately knows how to revise its opinion of itself, by a properly adjusted allowance for the opinions of it entertained by others. A sane attitude toward external criticism is one of the best signs of national maturity. Complete insensitiveness to external criticism, such as was exhibited by Turkey and China in years gone by, was a sign of decay rather than of health. Excessive and resentful sensitiveness is equally a weakness. Japan desires to avoid both of these defects; but while, as a mature nation, she is ready to listen to external criticism with patience and respect, she must value it only according to the intelligence and truth which it reveals, and object to it if based merely on prejudice or ignorance. All useful criticism is friendly and constructive. Each nation has its own defects and difficulties, all due to the same causes, the presence of too many citizens undeveloped mentally and ethically. Sound education is the main hope of nations, as it is of their mutually good relations. Knowing this, the national leaders should see that international justice prevails, of which the fruit is peace.

Teachers

One of the greatest defects of civilization in all countries is the failure to appreciate the teacher at his true value. The teacher, next to the parents, is the real nation-builder, and the character and the future of all nations depend on the kind of teachers they train and employ to build up the character of the rising generation. If the teacher is the factor that has most to do with man in the making, his position in the State should be far above what it now is. Tne Goverment should recruit into the teaching profession men and women of the highest character and talents, who will create a right educational atmosphere and maintain high ideals for the children; and this cannot be done by the present method, and on the inadequate salaries now paid. Yet when the question of retrenchment in national expenditure comes before the public, some persons do not hesitate to suggest that reduction of income should begin with the nation's teachers. This is just what should not be done. All nations are now undergoing reconstruction in in some degree; and fundamental in the work of reconstruction is the teacher. The Government should not only increase the remuneration of the teachers, but do something to increase their social status: it is only through adequate support of the teaching profession, the enhancement of its social consequence and the improvement of training facilities, that better candidates can be won for the most important work of national education. The authorities are much concerned over

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the "dangerous thought" of the undergraduate students; but if proper attention is given to the training and remuneration of the right sort of teachers for the elementary and middle schools, the undergraduates will be of the right type of mind. It is too late to beging with the men who have entered the university. We should begin with the teachers and their pupils in the department of secondary education.

Japan's Economic Survey

Nothing could bear more emphatic testimony to the practical genius of Japan than the action of the financial authorities in asking the coöperation of the highest scientific experts in the world to carry out an economic survey of the nation's resources and policies. Dr. H. G. Moulton, of the Brooking Institute of Washington, has been supervising the investigation, assisted by the financial experts of the Bank of Japan, under the auspices of the Minister of Finance, who invited Dr. Moulton's assistance. This exhaustive scientific examination of the exact situation and its possibilities of improvement will doubtless greatly assist the authorities in determining a proper policy for the economic rehabilitation of the country, by retrenchment in outlay on non-essentials, and the pursuit of undertakings most calculated to further the development of greater economic independence and stability.

Naval Budget

It appears that the Japanese Government has decided to expend no more than 210,000,000 yen on the construction of the ships permitted by the London Naval Treaty within the next five years. This forms an illuminating contrast to the 900,000,000 yen demanded by the naval authorities themselves. One of the more unsatisfactory aspects of the London Naval Treaty is that the nations accepting it are disposed to use the money it saves on strengthening the defence forces in other directions, such as the air force. If they believe the ratio accepted to be inadquate to safety, they naturally will seek to provide other safeguards. Japan expects to use seme 71,000,000 yen saved by the Treaty on her naval air force during the next six years, ending 1936.

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